

May Commander's Conference

- District West MMR Breakout at the DCMC Commanders Conference:
 - On-Time Delivery (PG 1.1.2)
 - Past Due Delinquencies (PG 1.1.3)
 - Earned Value (PG 1.1.5)
 - Customer Priority Requests (CPRs) (PG 1.1.8)
 - Canceling Funds (PG 1.2.5)
 - Open Overheads (PG 2.1.1)
 - Contract Closeout (PG 2.1.3)
 - UCAs (PG 2.1.15)
 - Loss, Damage, Destruction (LDD) of Government Property (PG 2.2.3)
 - DAWIA Certification (PG 3.1.4)

Performance Goal 1.1.2

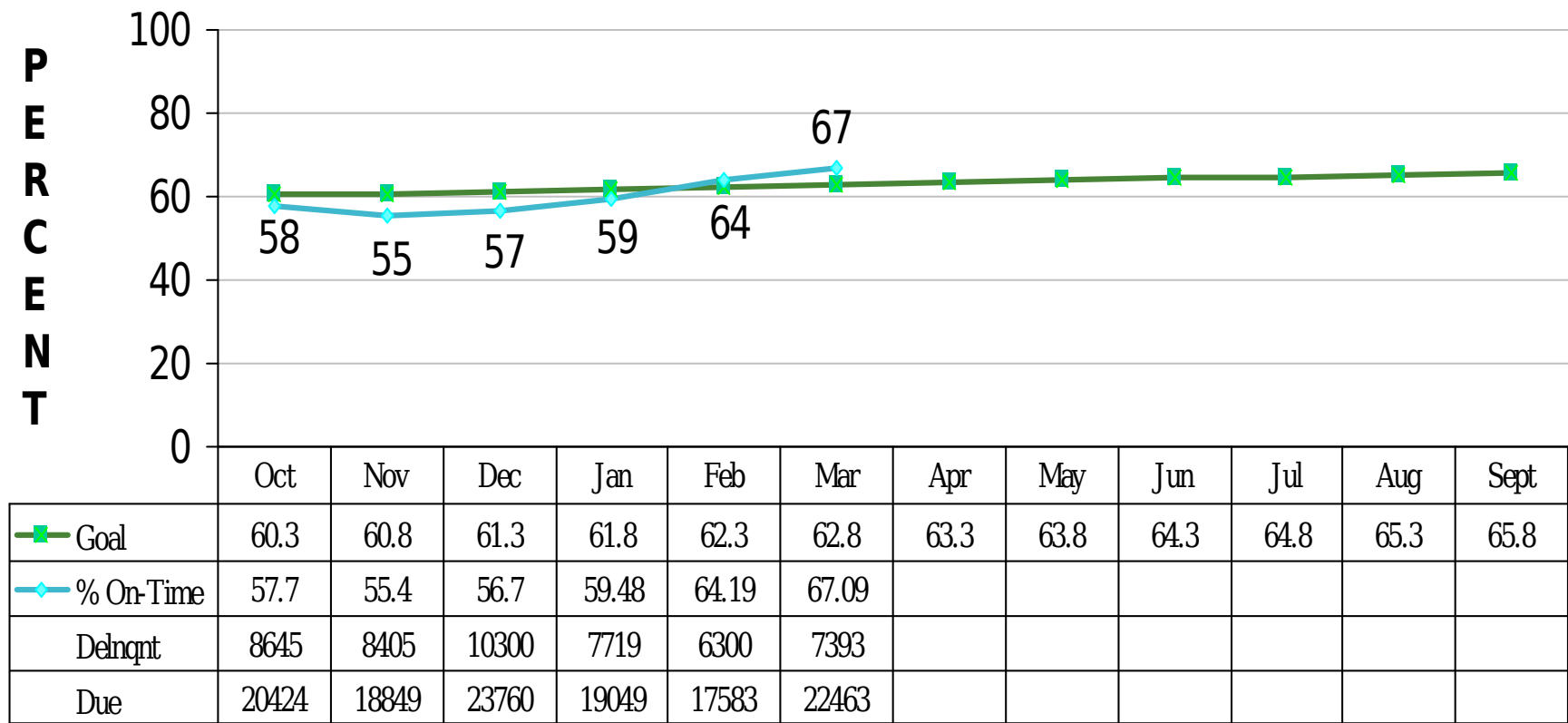
Improve On-Time Delivery

Performance Goal 1.1.2 Improve On-Time Delivery

- Performance Goal Description: Improve On-Time Delivery by 5 Percent
- Planned Goal/Target: 65.8 Percent
- FY99 YTD Results: 67.09 Percent
- Rating: GREEN
- Description of Progress To Date: Continued upward trend.
- District Process Champion: Herb Cowart

Performance Goal 1.1.2

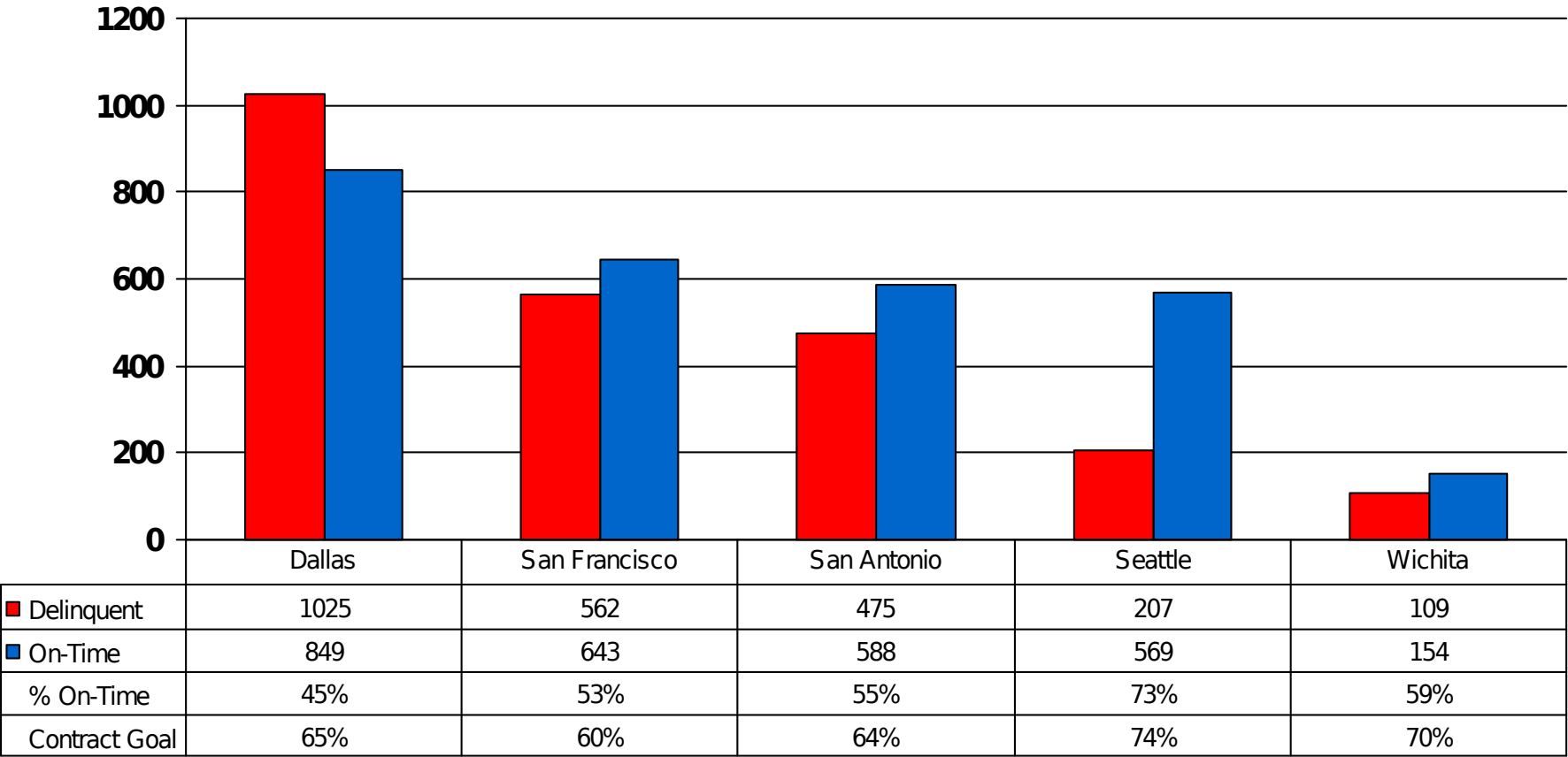
Improve On-Time Delivery by 5%



Performance Goal 1.1.2

Improve On-Time Delivery

Pacing CAOs



Performance Goal 1.1.2 Improve On-Time Delivery

Bottom Line:

- Currently meeting end of year goal.
- Pacing CAOs have developed Corrective Action plans.
- Kudos to those CAOs meeting or exceeding contract goals.

Performance Goal 1.1.3
Reduce Number of Past
due Delinquencies

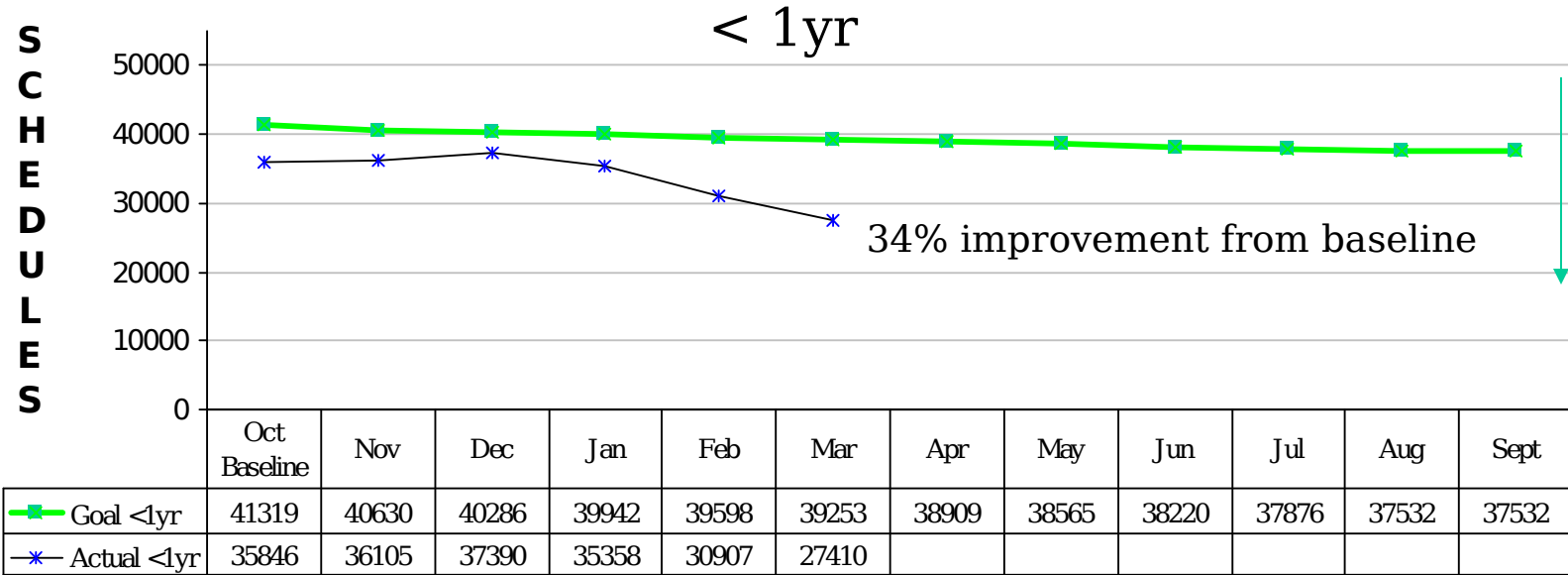
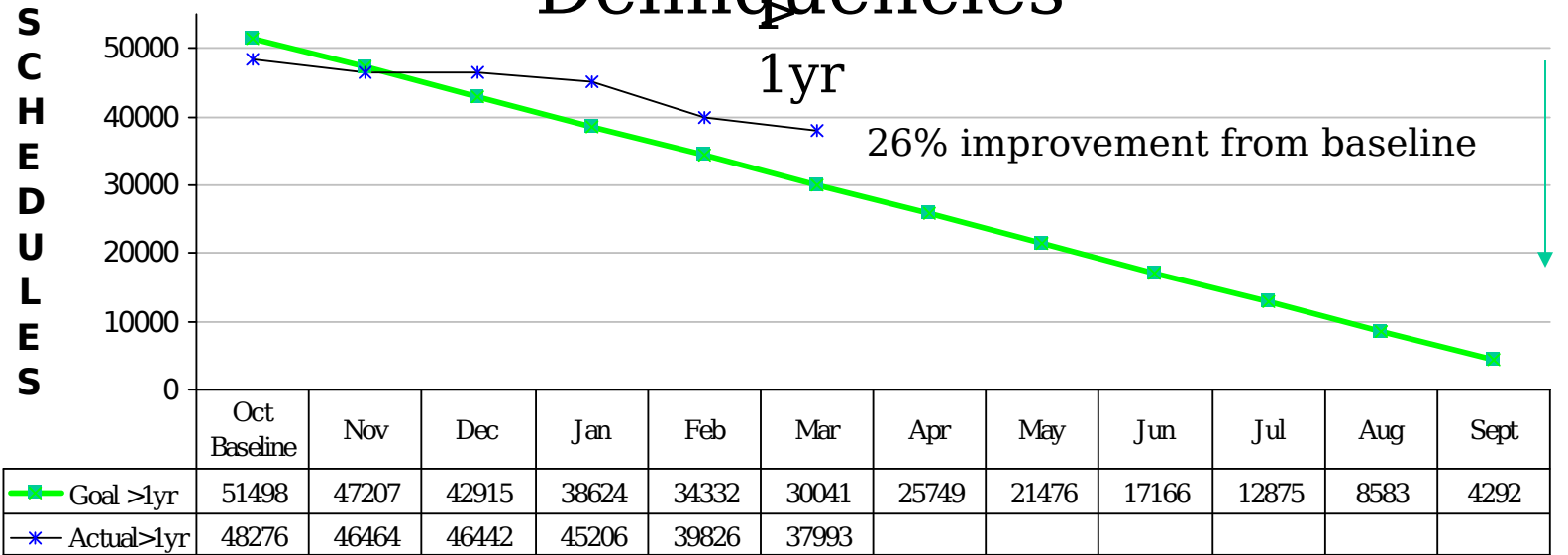
Performance Goal 1.1.3

Reduce Number of Past due Delinquencies

- Task Description: Reduce the number of past due delinquencies.
- Planned Goal/Target:
 - 10% on delinquencies less than 1 year and 100 % on delinquencies over one year
- Rating:
 - \leq 1 year Green
 - >1 year Red
- Description of Progress To Date:
 - \leq 1 year... 34% improvement from baseline
 - >1 year... 26% improvement from baseline
- DCMDW 1st Qtr budget update proposes changing >1 year to 50%
- District Process Champion: Herb Cowart

Performance Goal 1.1.3

Reduce the Number of Outstanding Delinquencies

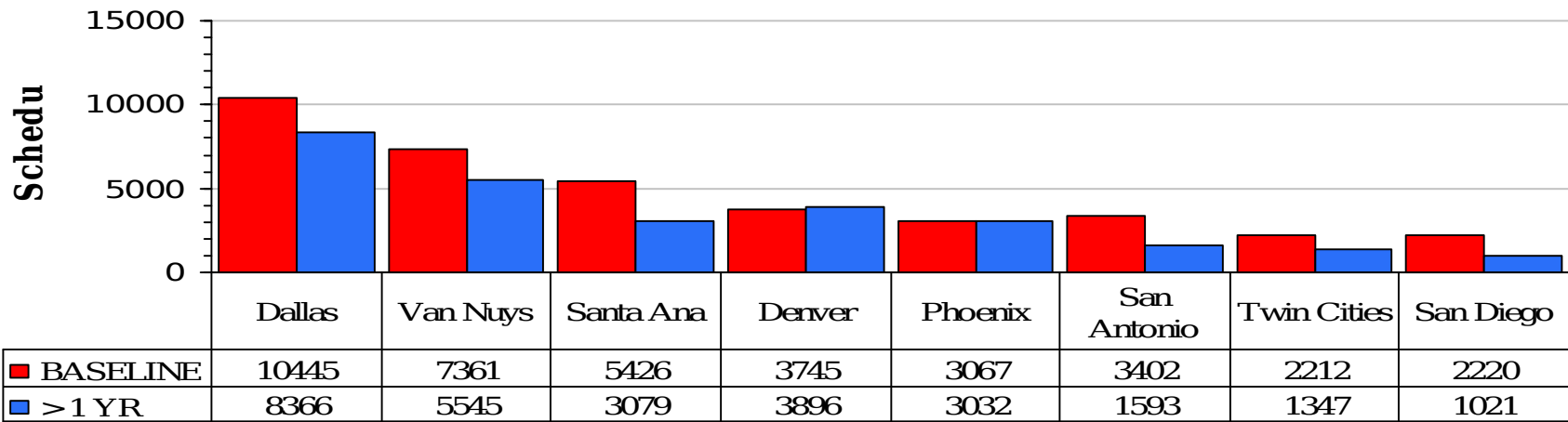


DCMDW

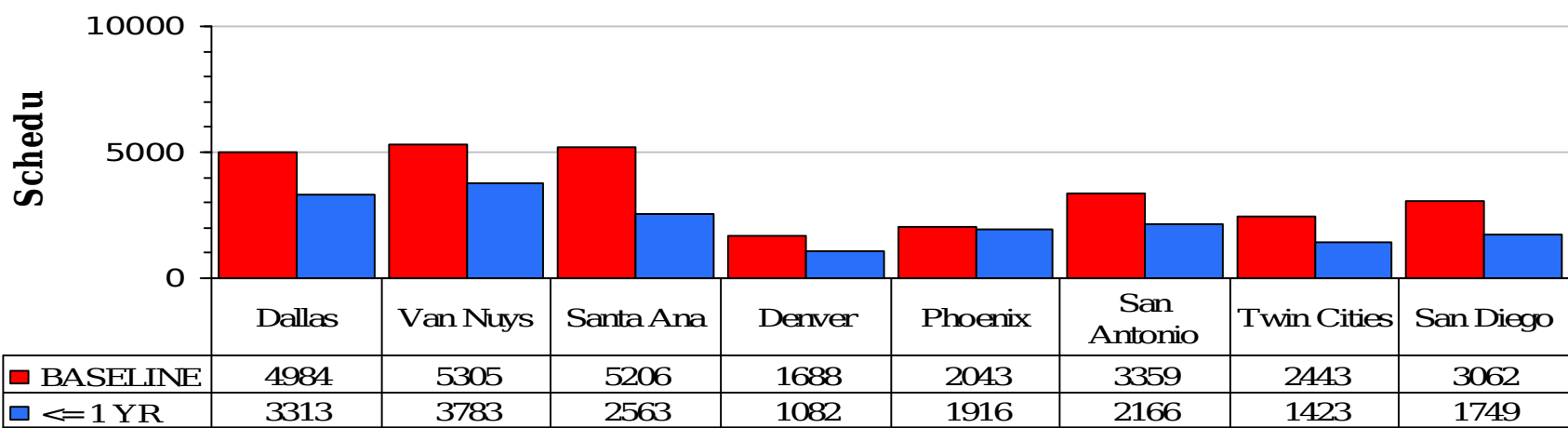
Performance Goal 1.1.3

Reduce the Number of Outstanding Delinquencies

Pacing CAOs > 1 YEAR



Pacing CAOs <= 1 YEAR



Performance Goal 1.1.3

Reduce the Number of Outstanding Delinquencies

Bottom Line:

- Proposal to change >1 year to 50% submitted
 - Labor intensive effort is required to close old delinquent contracts.
- Kudos to those organizations making progress.
 - For ≤ 1 yr, The current top performers are DCMC Boeing Huntington Beach, Bell Helicopter- Ft. Worth, Thiokol, St. Louis and Chicago.
 - For > 1 yr, The current top performers are DCMC Boeing Huntington Beach, Thiokol, Raytheon L.A., Raytheon Tucson and Wichita

Performance Goal 1.1.5
Reduce Cost Overruns and
Schedule Slips

Performance Goal 1.1.5

Reduce Cost Overruns and Schedule Slips

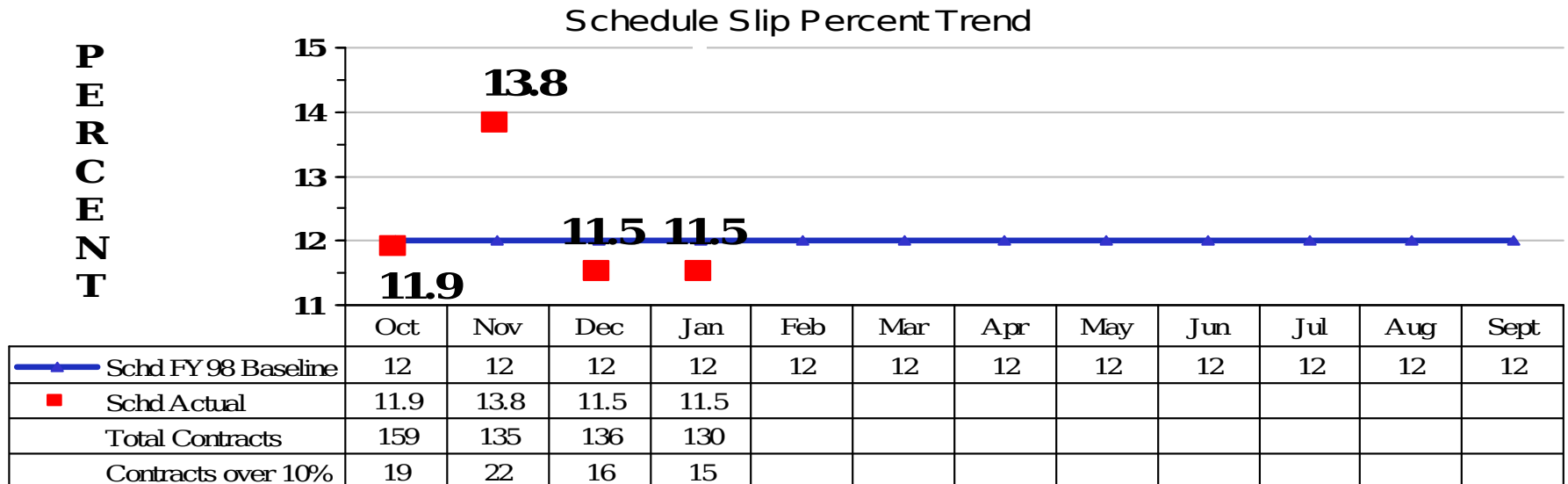
- Performance Goal Description:
 - Reduce the percentage of contracts that have exceeded their cost and schedule goals by more than 10% over the FY 98 baseline.

- FY99 Goal/Target, Results and Rating:

<u>Goal</u>	<u>Results</u>	<u>Ratings</u>	
Cost Overruns	Less than 14%	5%	Green
Schedule Slips	Less than 12%	12%	Green

Progress To Date:

- Software tools to facilitate analysis, risk assessment & projections
 - Pursue alternate training methods to supplement DAWIA
 - Drafting letter requesting DAU onsite EVMS courses
- District Process Champion: Barbara Gomes

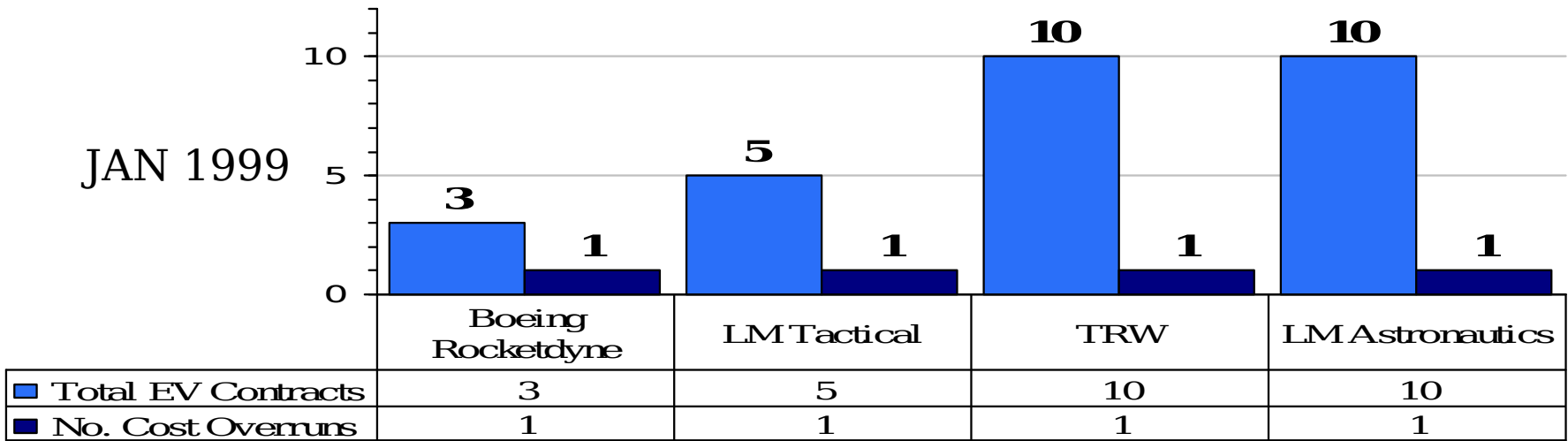


DCMDW

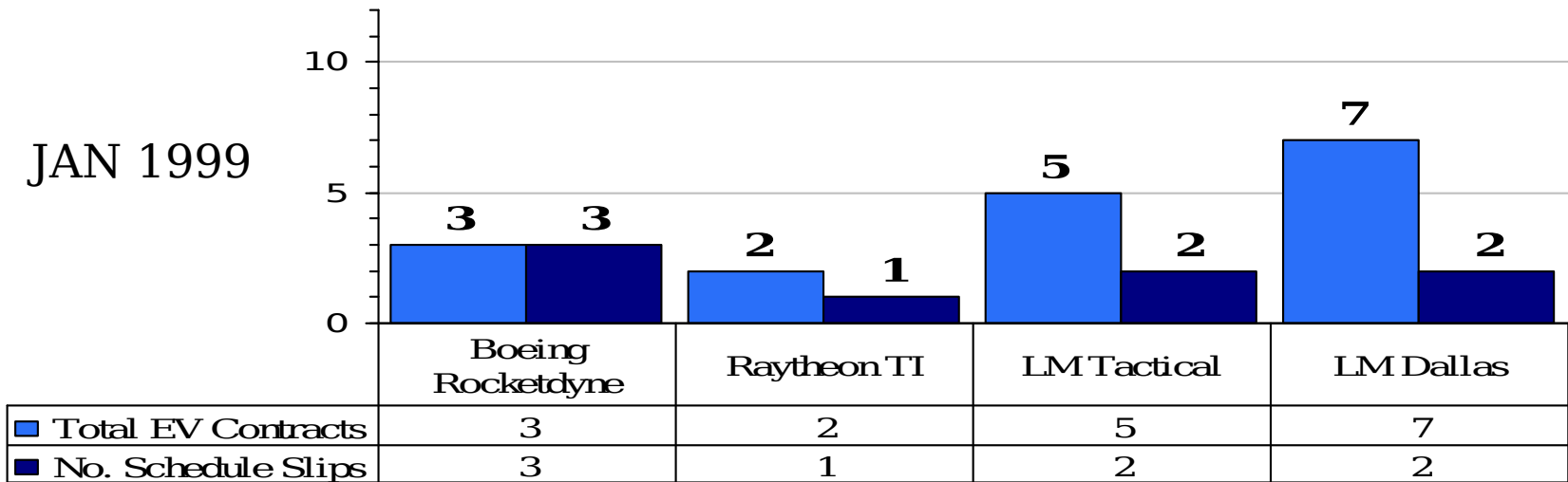
Performance Goal 1.1.5

Reduce Cost Overruns and Schedule Slips

Contractors with Cost Variances



Contractors with Largest Number of Schedule Variances



Performance Goal 1.1.5

Reduce Cost Overruns and Schedule Slips

Bottom Line:

- DIRAMS improvements in development
- Analysis software tools to be deployed
- Alternative training issues being addressed
- HQ evaluating metric and “DCMC influence”

Performance Goal 1.1.8

Improve the number of Customer
Priority Requests (CPRs) that are
responded within
5 business days by 5%

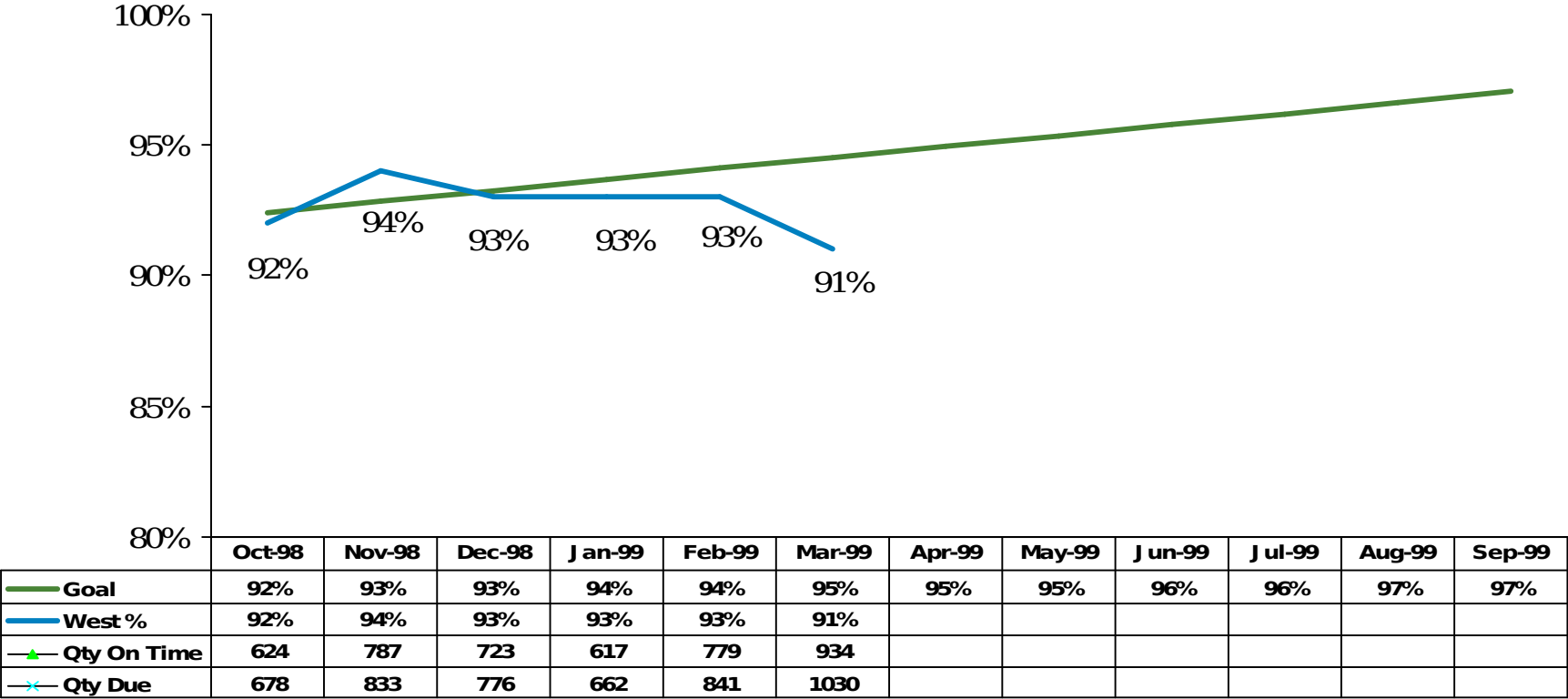
Performance Goal 1.1.8

Improve the number of Customer Priority Requests (CPRs) that are responded within 5 business days by 5%

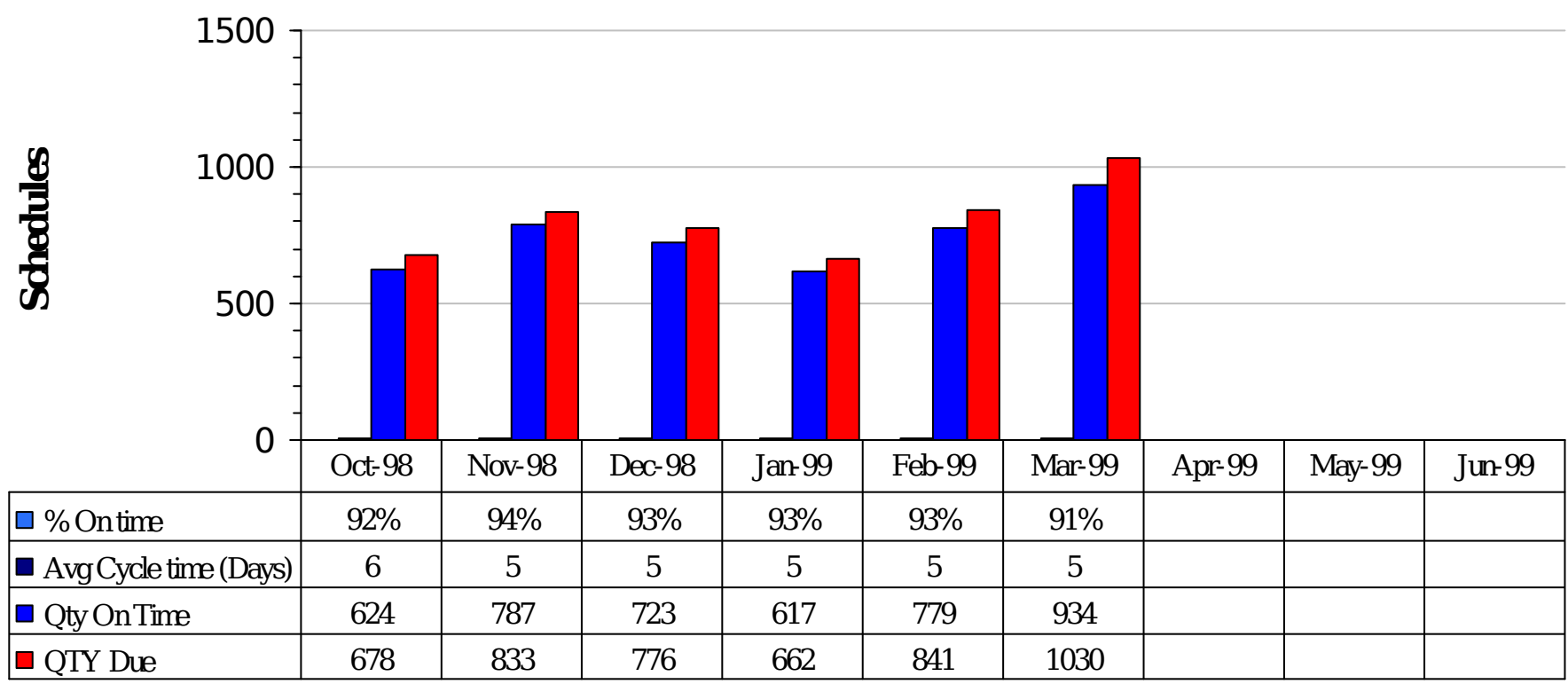
- Performance Goal Description: Improve the number of Customer Priority Requests (CPRs) that are responded to within 5 business days by 5%
- Planned Goal/Target: 97%
- FY99 YTD Results: 91% response within 5 business days
- Rating: Yellow
- Description of Progress To Date: Most CAOs are currently closing the CPRs in a timely manner.
- Continue to work with those CAOs not meeting goal
- District Process Champion: Herb Cowart

Performance Goal 1.1.8

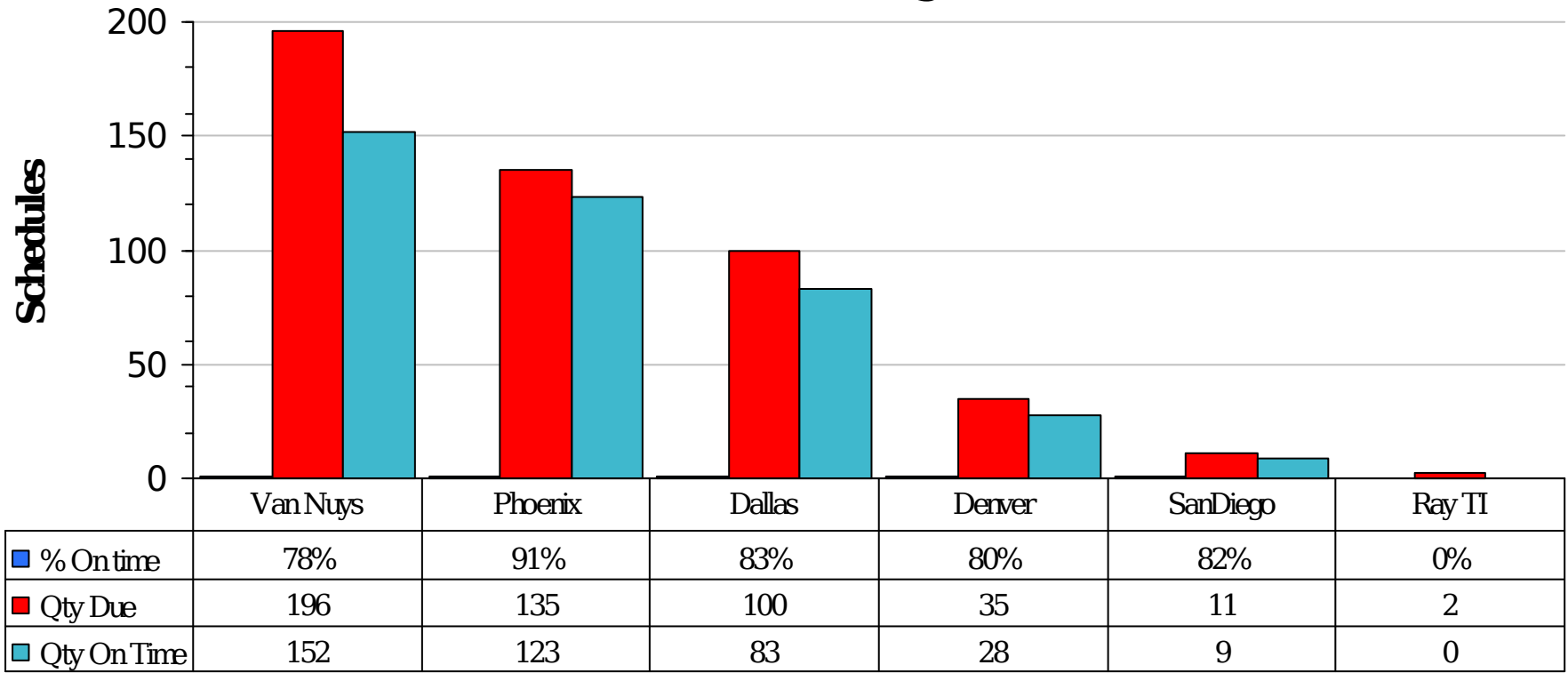
Improve the number of Customer Priority Requests (CPRs) that are responded within 5 business days by 5%



Improve the number of Customer Priority requests (CPRs)that are responded to within 5 business days by 5%



Improve the number of Customer Priority requests (CPRs)that are responded to within 5 business days by 5%
Pacing CAOs



DCMDW Performance Goal 1.1.8
Improve the number of Customer Priority
Requests
(CPRs) that are responded to within 5
business days by 5%

Bottom Line:

- Kudos to all CAOs that continue to maintain the 5 business day turn-around on all CPRs. Great Effort!
- Anticipate meeting EOY FY99 District Goal of 97%

Performance Goal 1.2.5

Canceling Funds

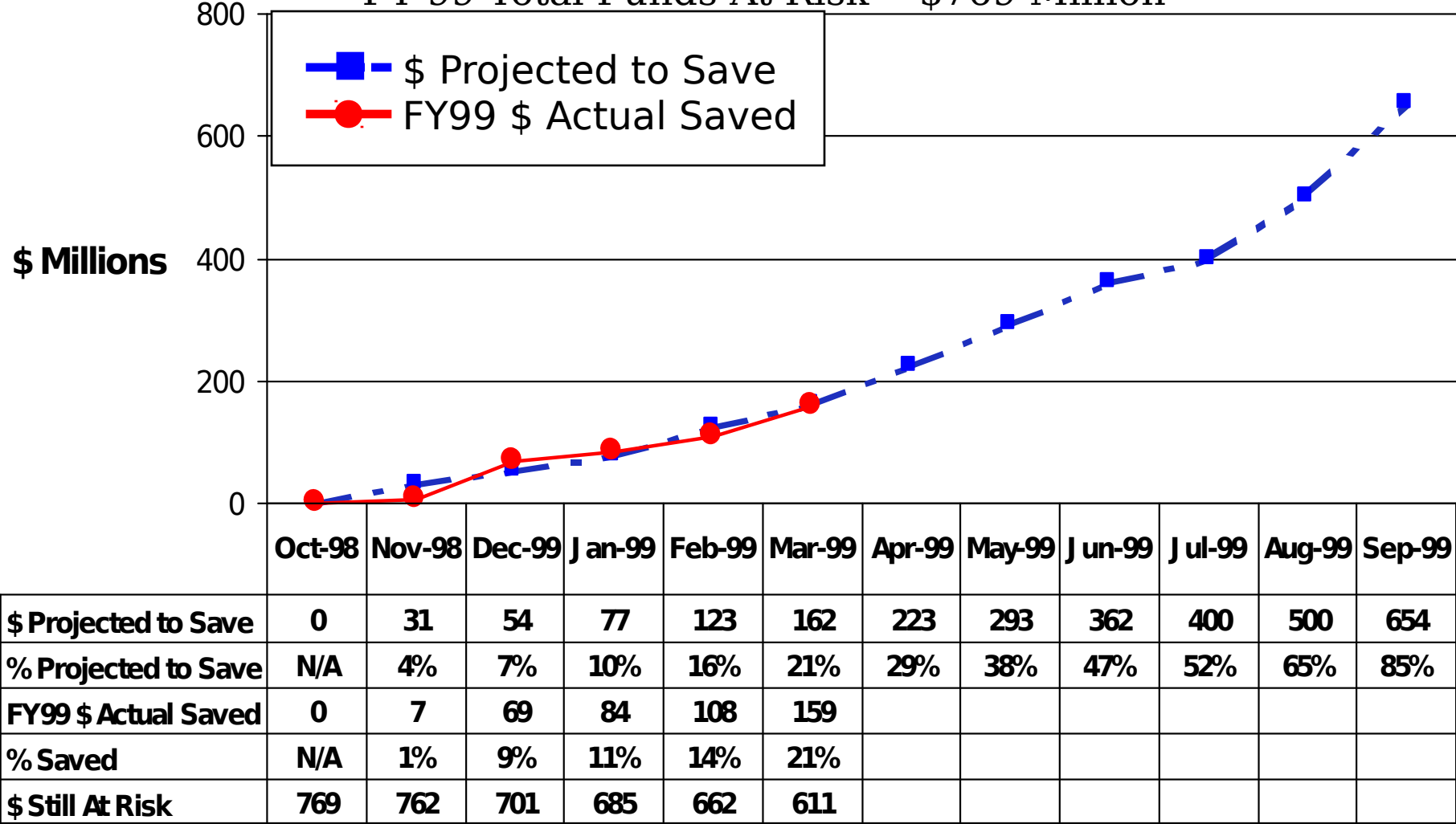
Performance Goal 1.2.5 - Canceling Funds

- Performance Goal Description: Ensure 85% of funds do not cancel
- FY99 Goal/Target: 85% / \$115M
 - Baseline: \$769M
- FY99 YTD Results: 21% / \$611M (Funds Still at Risk)
- Rating: Yellow
- Reason for not achieving goal: Right on goal line
- District Process Champion: Lolita Pizarro

Performance Goal 1.2.5

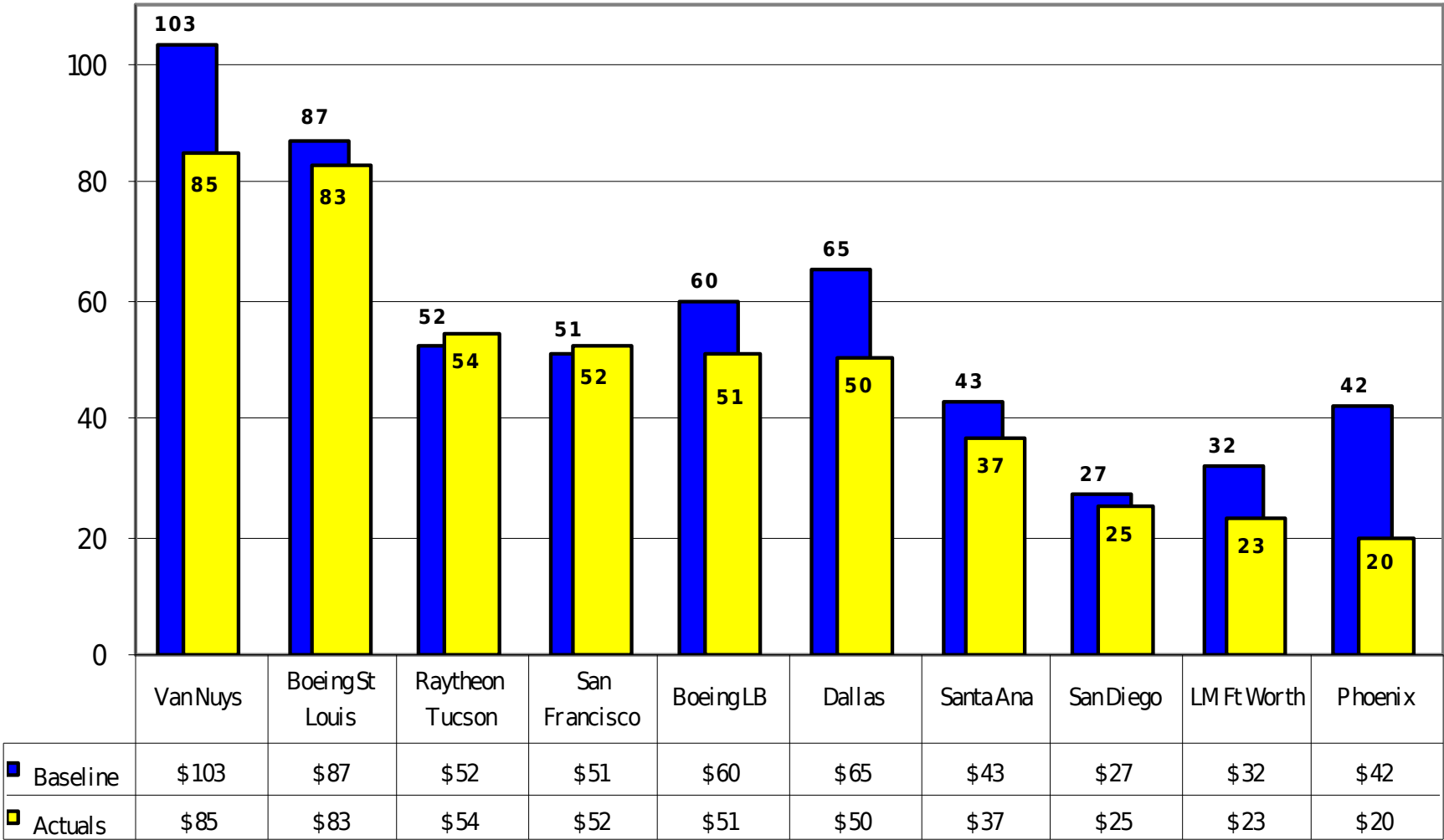
Reduce Canceling Funds 85%

FY 99 Total Funds At Risk - \$769 Million



Performance Goal 1.2.5 - Canceling Funds

\$ Millions Canceling Funds Pacing CAOs



Performance Goal 1.2.5 - Canceling Funds

Bottom Line:

- Current Performance good, but year end performance remains a concern
- Web Based Activities
 - Monthly SDW data pulled by HQ and posted on the web
 - New web-based reporting system approved by HQ on 1/15/99
 - Web-based system should be available by 7/1/99
 - No monthly reporting with new system - real-time updates
- Process Champion ensuring CAOs inputting correct reason codes (27)

Performance Goal 2.1.1

Establishing Final Overhead Rates

ACO Negotiated

Performance Goal 2.1.1

Establishing Final Overhead Rates

ACO Negotiated

- **Performance Goal Description:** Achieve final overhead negotiations within a two or three year cycle for major and non-major contractors respectively. DCAA's definition of a major contractor (over \$80 million of auditable dollar volume) will be used in determining whether a location is major or non-major.

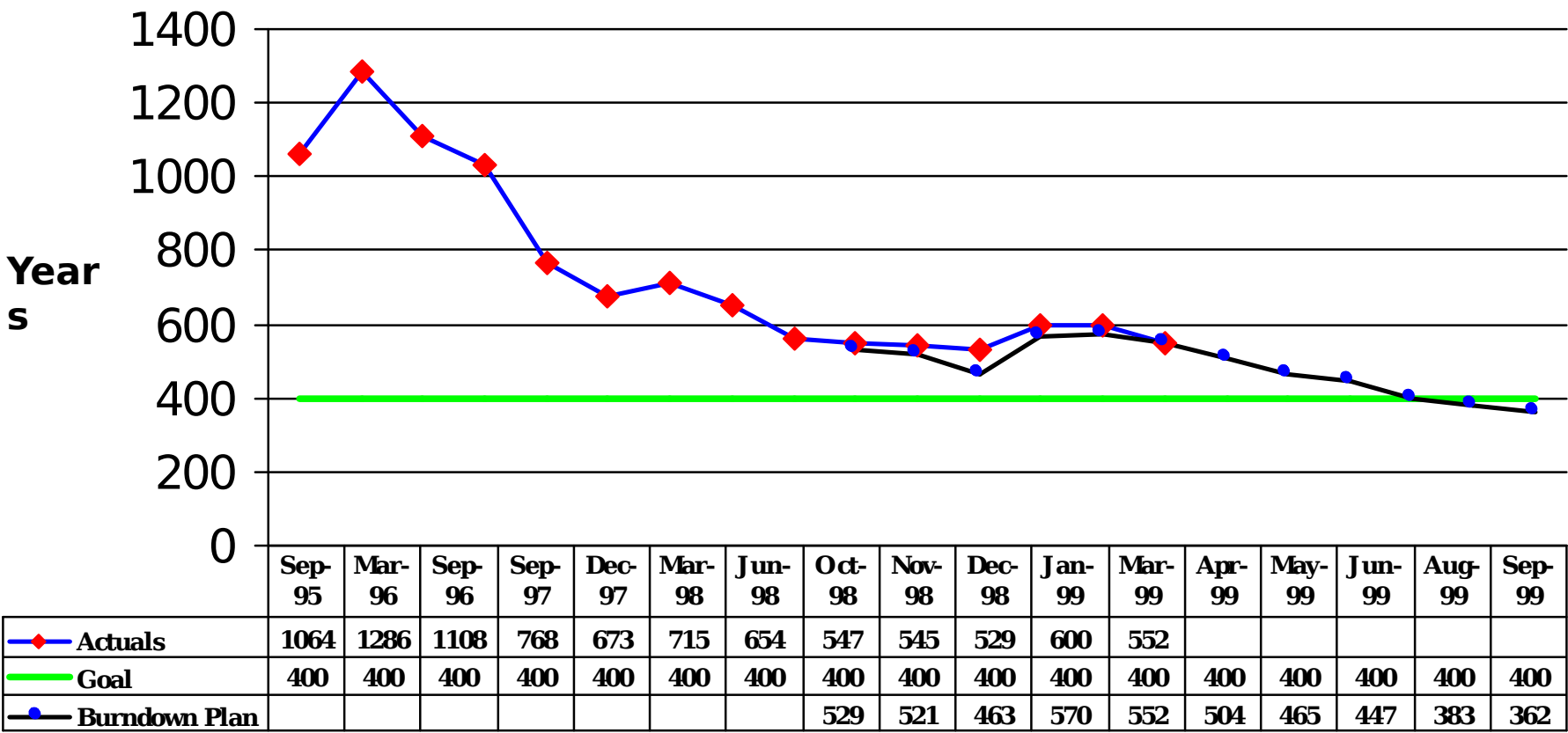
- **FY99 Goal/ YTD Results/Rating :**

	<u>Goal</u>	<u>Results</u>	<u>Rating</u>
(Open Yrs.) (Open Yrs.)			
- Major:	168	263	Red
- Non-Major:	240	289	Red

- **Reason for not achieving Goal / Description of Progress To Date:**
 - Will achieve non-major goal by year end, will not achieve major goal.
- **District Process Champion:** Mike Yancy

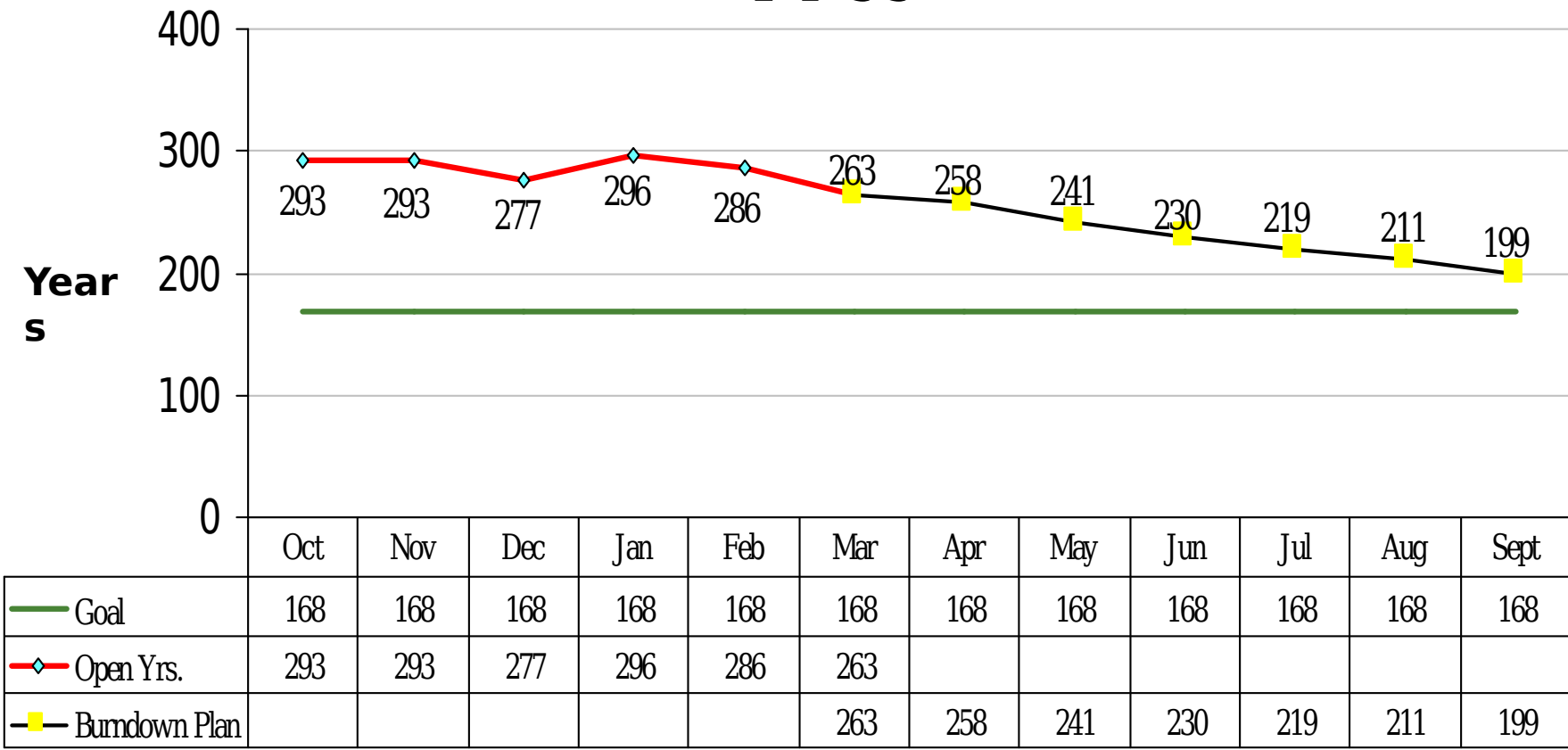
Performance Goal 2.1.1 - Establishing Final Overhead Rates

Historical Trend - ACO Negotiated



Performance Goal 2.1.1- Establishing Final Overhead Rates

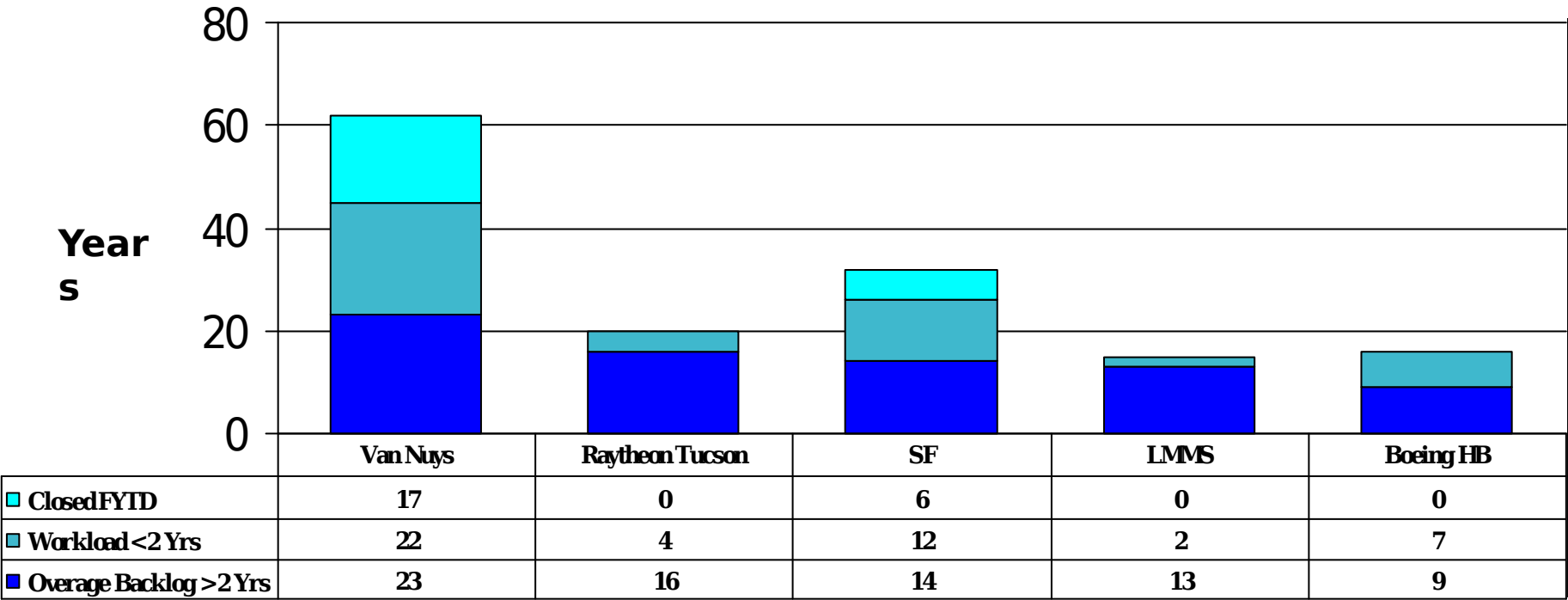
Major Overhead Years
FY 99



(6/12/6 cyletime)

Performance Goal 2.1.1 - Establishing Overhead Rates

Pacing CAOs for Major Open Overhead Years
FY 99



Performance Goal 2.1.1 - Establishing Overhead Rates

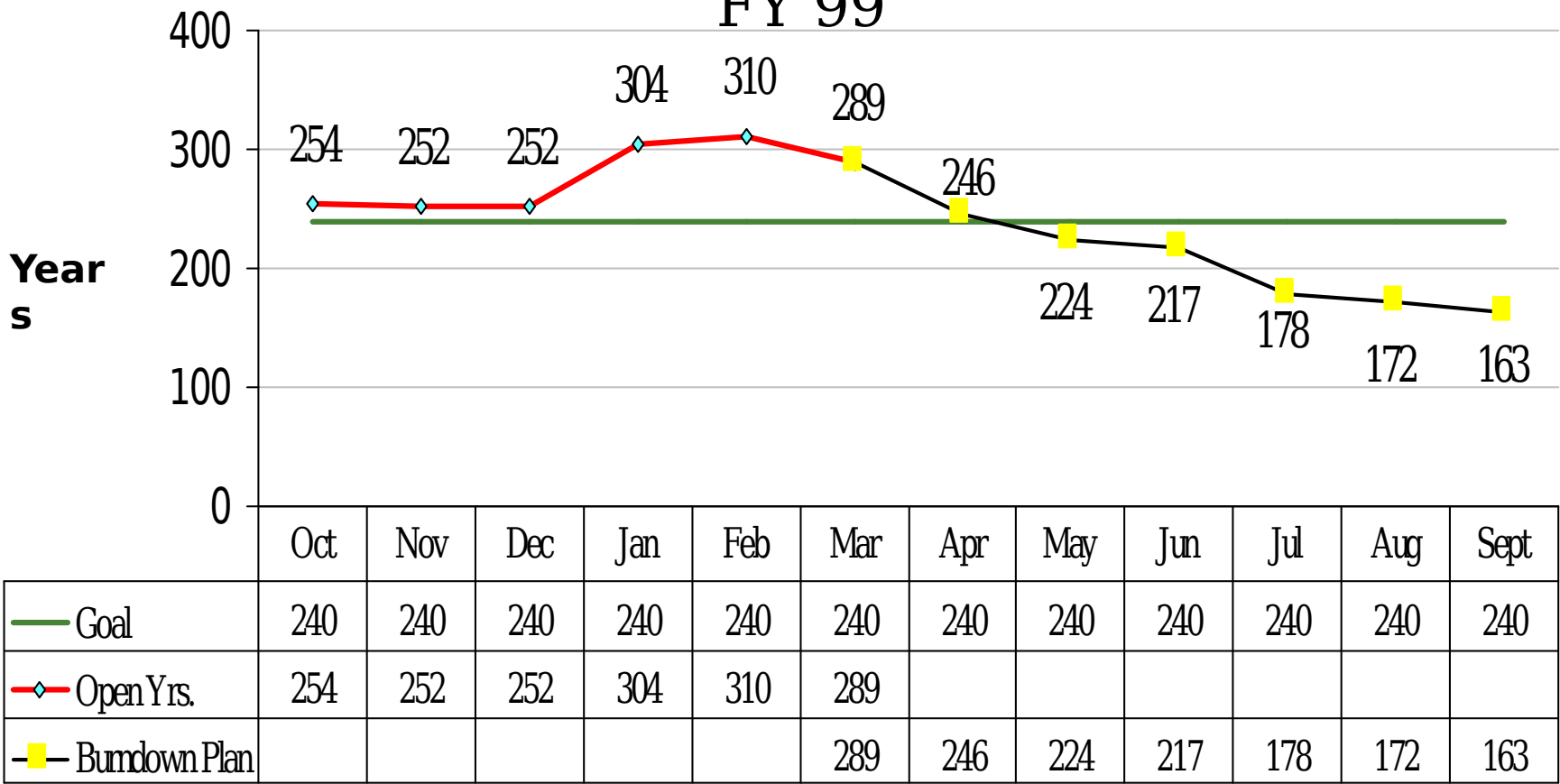
Pacing CAOs for Major Open Overhead Years

- Van Nuys: FY 99
 - 10 overage major years delayed due to DOJ/DCIS investigations (TRW)
 - 17 major closings FY99 YTD
- Raytheon-Tucson:
 - 16 Overage Years
 - CAO projects they will settle 10 years in FY 99
- San Francisco:
 - Backlog significantly reduced to only 14 years.
- Lockheed Martin Missiles & Space, Sunnyvale:
 - All 15 years delayed due to environmental litigation at corporate office
- Boeing Huntington Beach:
 - Corporate issues delaying settlements:
 - Employee Stock Option Plan (ESOP)
 - Hazardous waste
 - CAS 405

Performance Goal 2.1.1- Establishing Final Overhead Rates

Non-Major Overhead Years

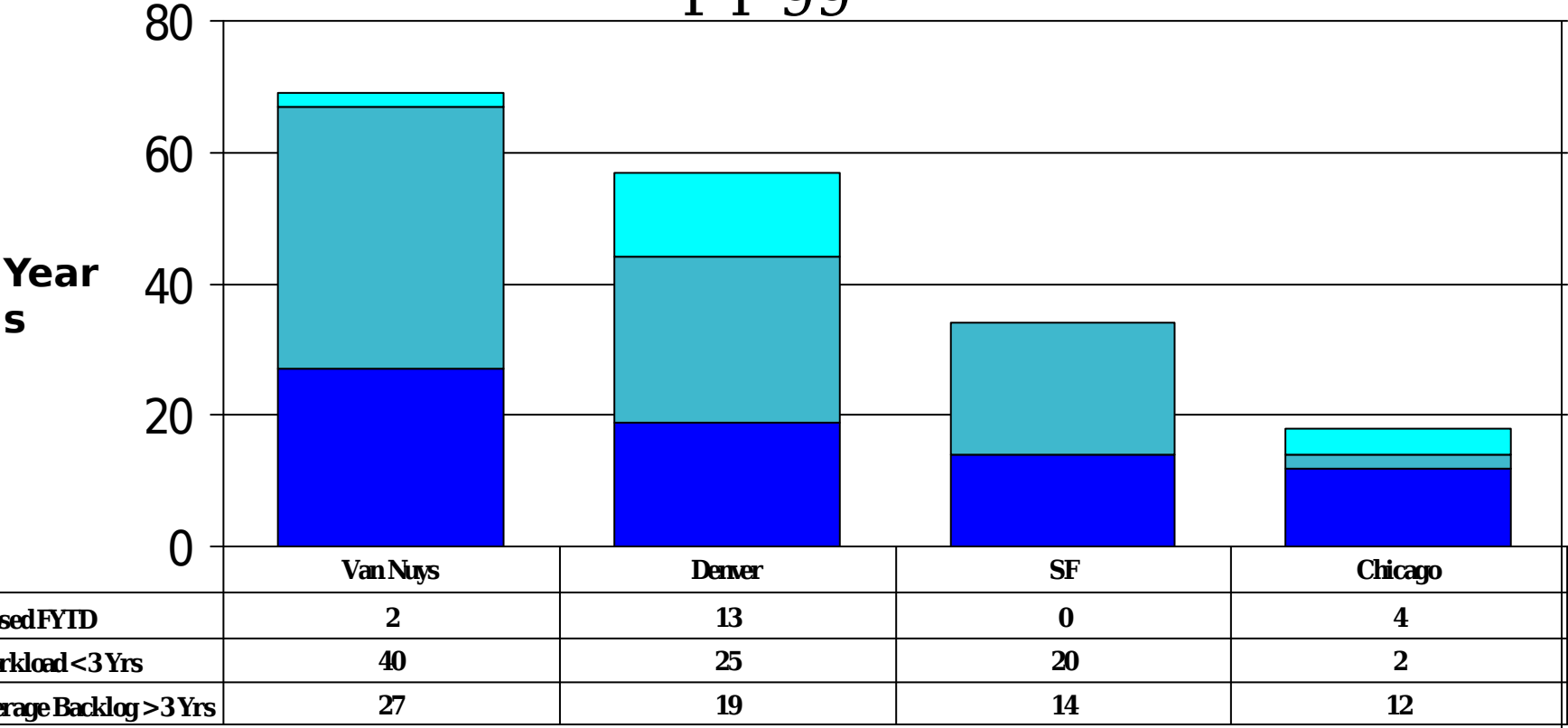
FY 99



(6/24/6 cyletime)

Performance Goal 2.1.1 - Establishing Overhead Rates

Pacing CAOs for Non-Major Open Overhead Years
FY 99

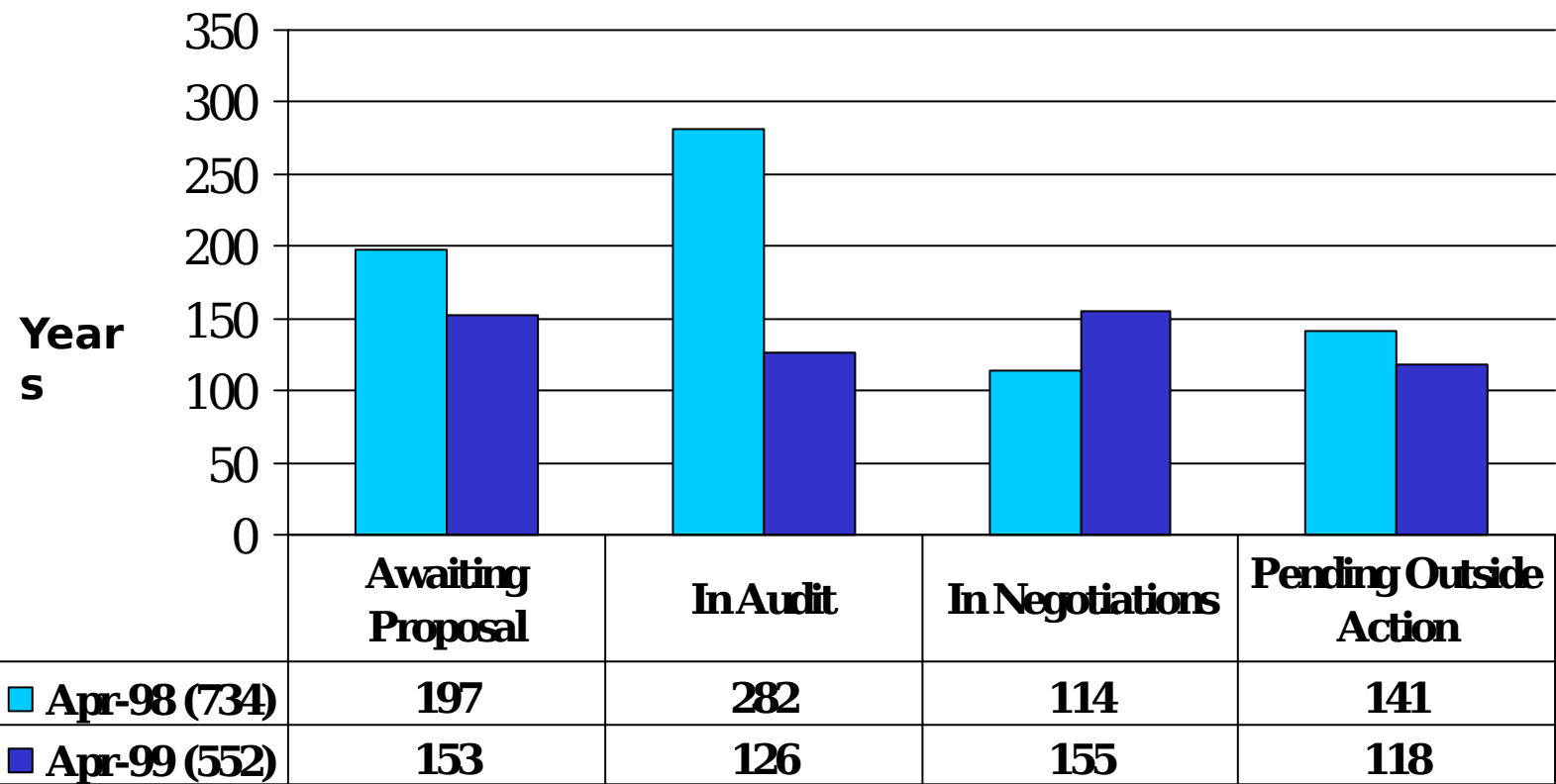


Performance Goal 2.1.1 - Establishing Overhead Rates

Pacing CAOs for Non-Major Open Overhead Years ACO Negotiated

- Van Nuys:
 - 17 overage non-major years awaiting corporate allocations
 - 12 years delayed due to DOJ/DCIS investigations
 - Mission Research - 1
 - TRW - 11
- Denver:
 - Most overage years are Form 1s appealed to ACO
 - All are either in pre-negotiation or negotiation status
- San Francisco:
 - Backlog significantly reduced to only 12 out of 32 non-major years
- Chicago:
 - 6 years in litigation - settled: ACO in process of closing
 - 5 years pending ASBCA appeal - July 1999

Performance Goal 2.1.1 - Establishing Overhead Rates Process Status



Data is displayed in order from the beginning to the end of the process.

Performance Goal 2.1.1 - Establishing Overhead Rates

Bottom Line:

- CAOs continue to cut into overage backlog
- DIRAMS enhancements to be implemented
- CAOs need to enter additional new contractor fiscal years into DIRAMS
- Process Champion and DCMC OHC visits to continue at selected CAOs
- DCMDW/DCAA continuing to pursue timely proposal submittals
- CAOs need to expand “Real Time Rates” involvement
- SFAs engaged

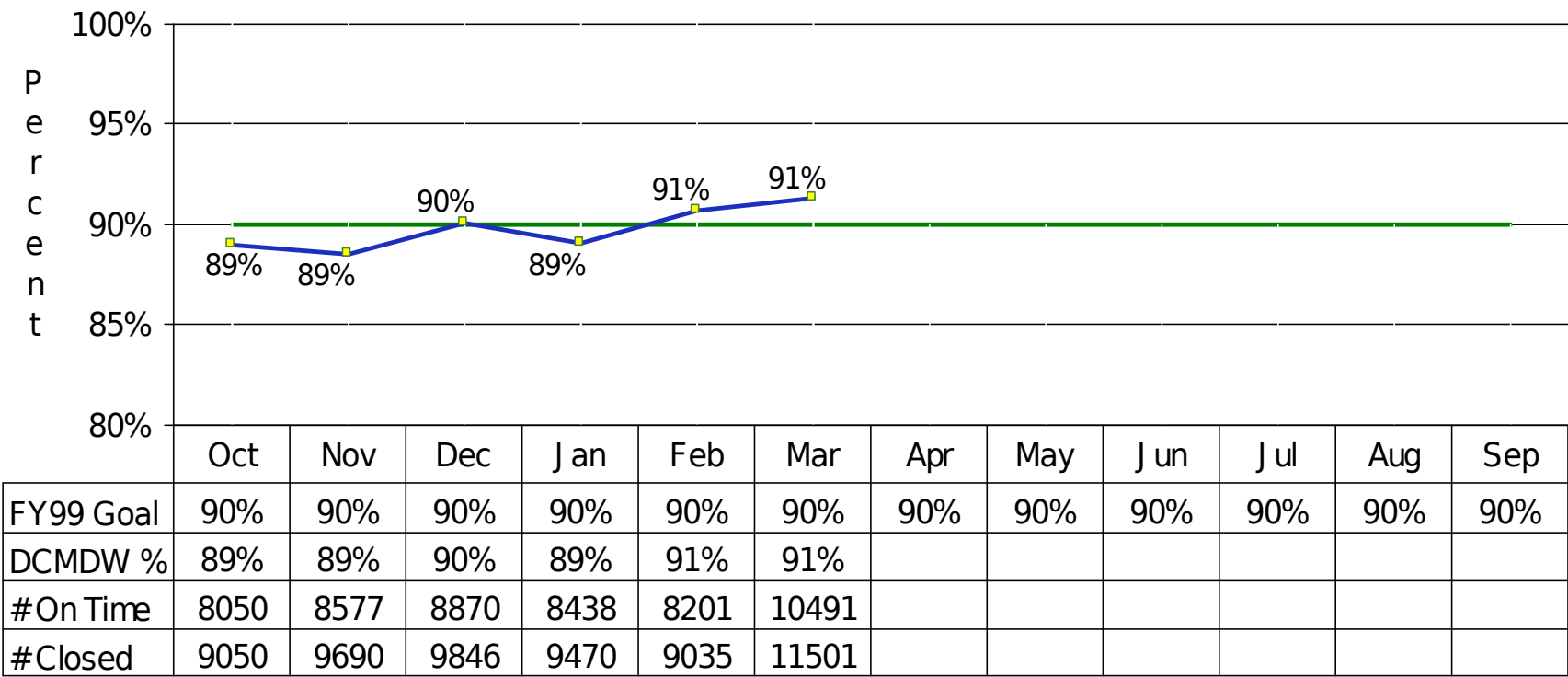
Performance Goal 2.1.3

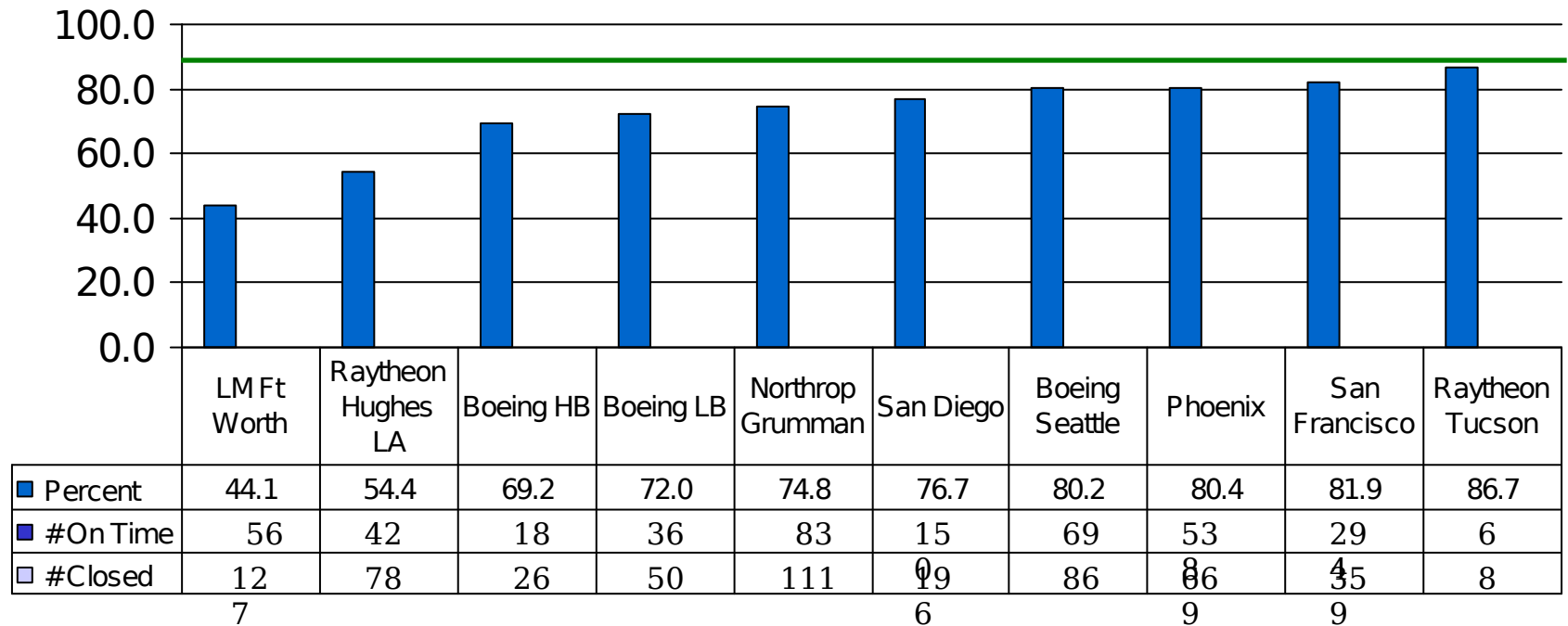
Contract Closeout

Performance Goal 2.1.3 - Contract Closeout

- Performance Goal Description: Achieve closeout of 75% of other than Firm Fixed Price contracts and closeout of 90% of firm fixed price contracts within the FAR mandated timeframes.
- FY99 Goal/Target: 90% for FFP
75% for Other than FFP contracts
- FY99 YTD Results: 91.2% for FFP
81.4% for Other than FFP contracts
- Rating: Green
- District Process Champion: Lolita Pizarro

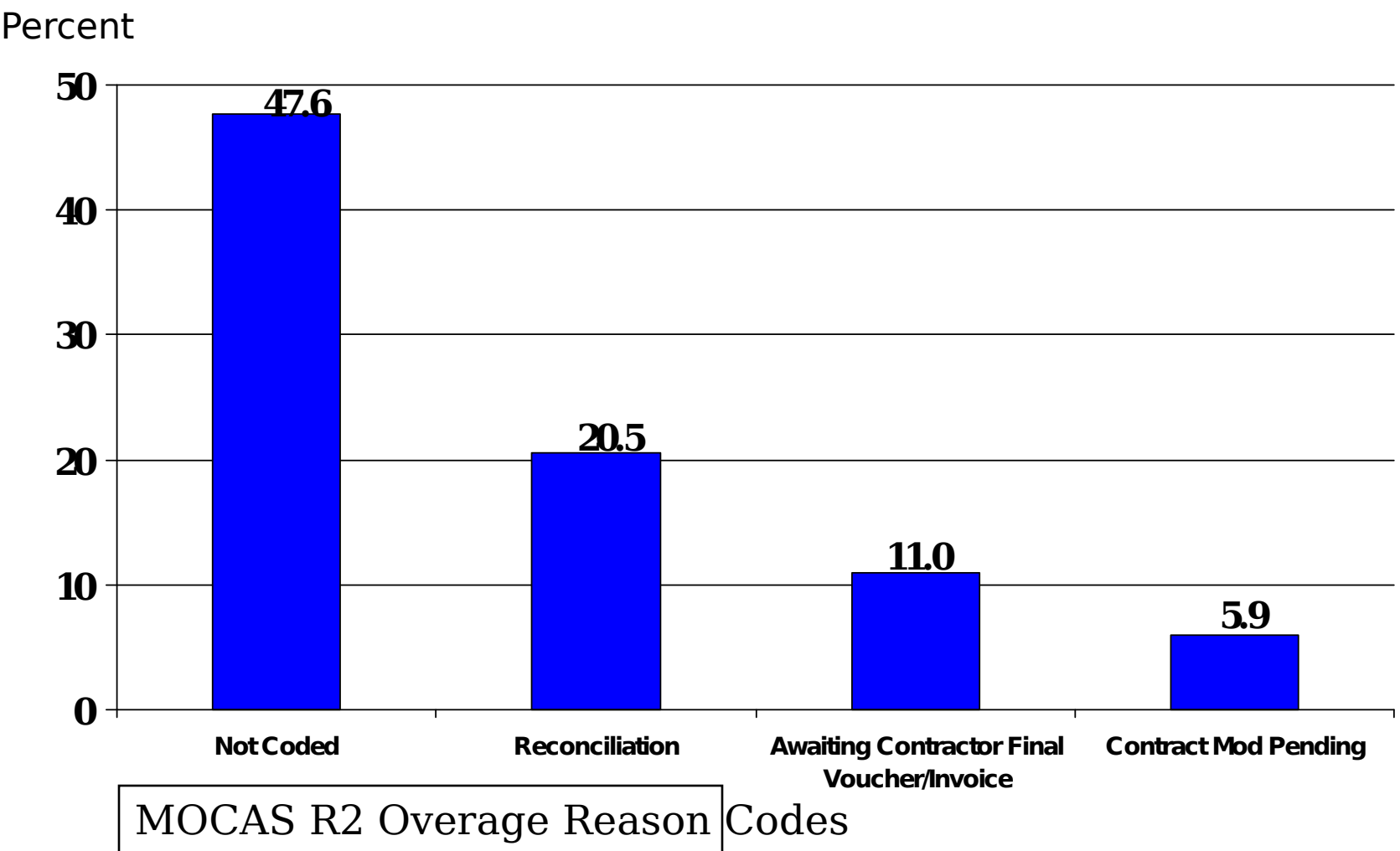
Performance Goal 2.1.3 - Contract Closeout 90% of FFP Closed on Time





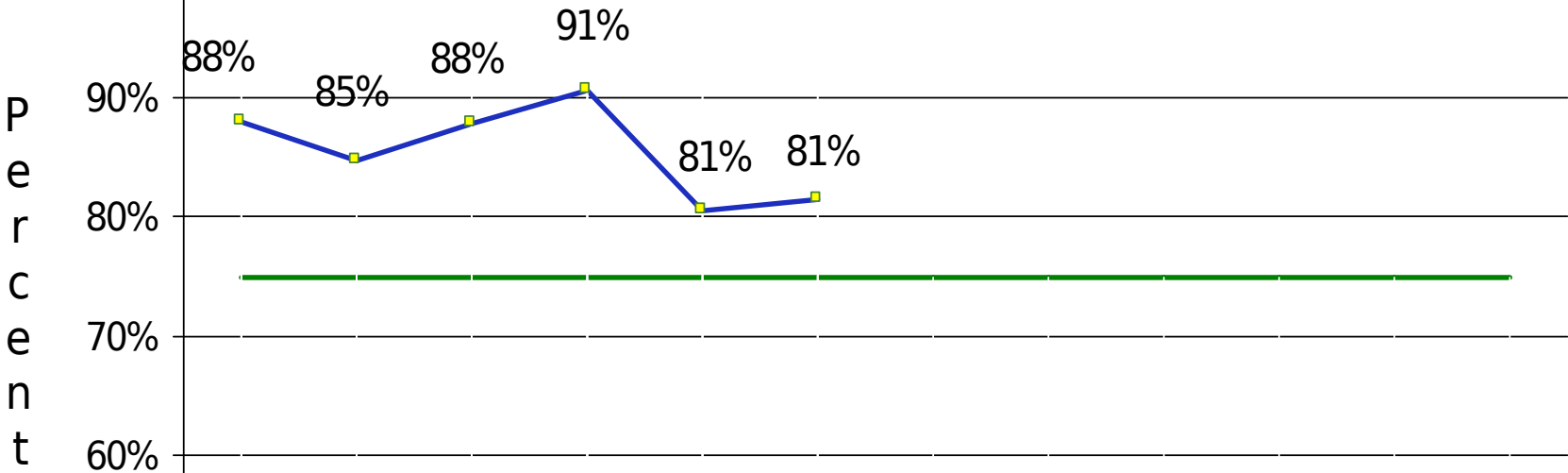
Performance Goal 2.1.3 - Contract Closeout

Process Drivers for FFP Contract Closeout



Performance Goal 2.1.3 - Contract Closeout

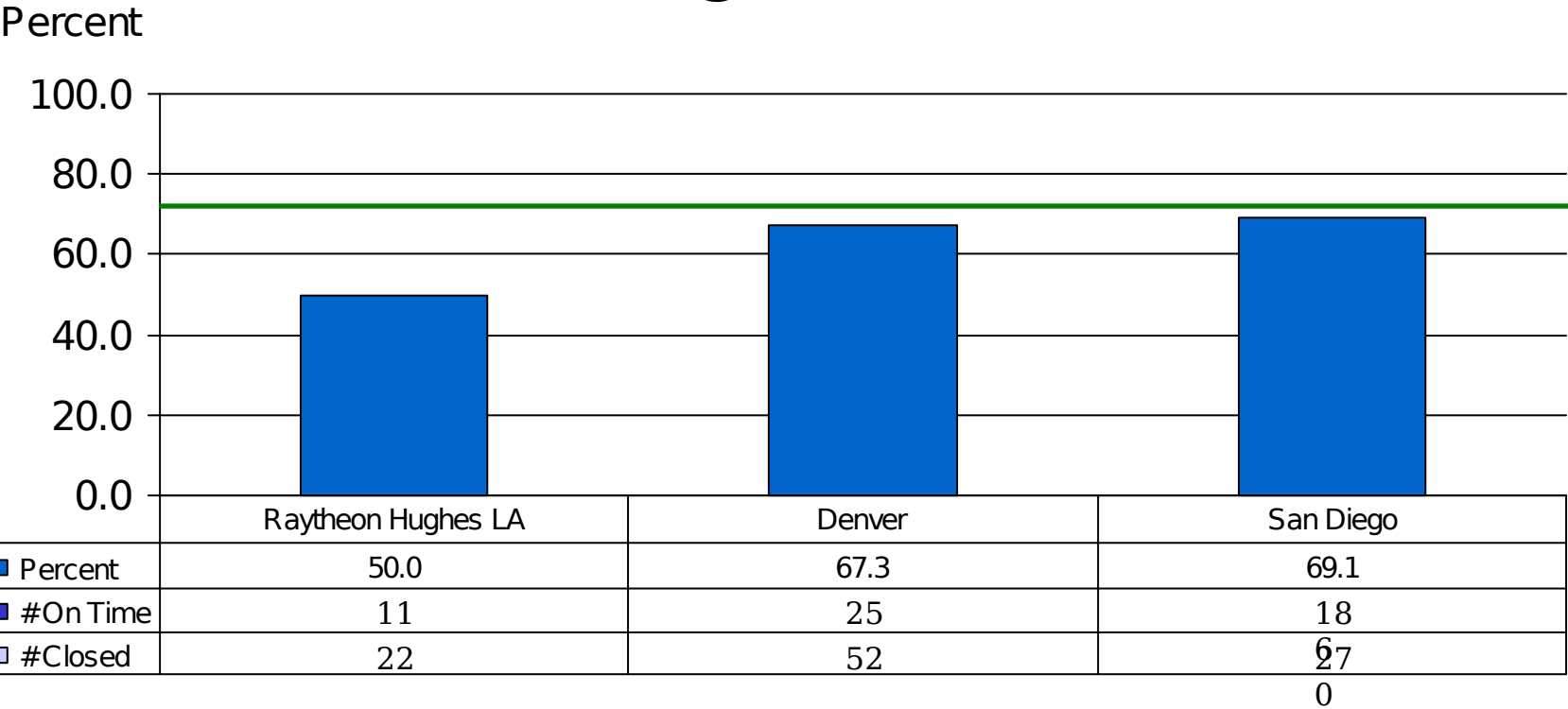
75% of Other than FFP Closed on Time



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY99 Goal	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
DCMDW %	88%	85%	88%	91%	81%	81%						
# On Time	644	622	693	1000	600	916						
# Closed	732	734	788	1103	735	1130						

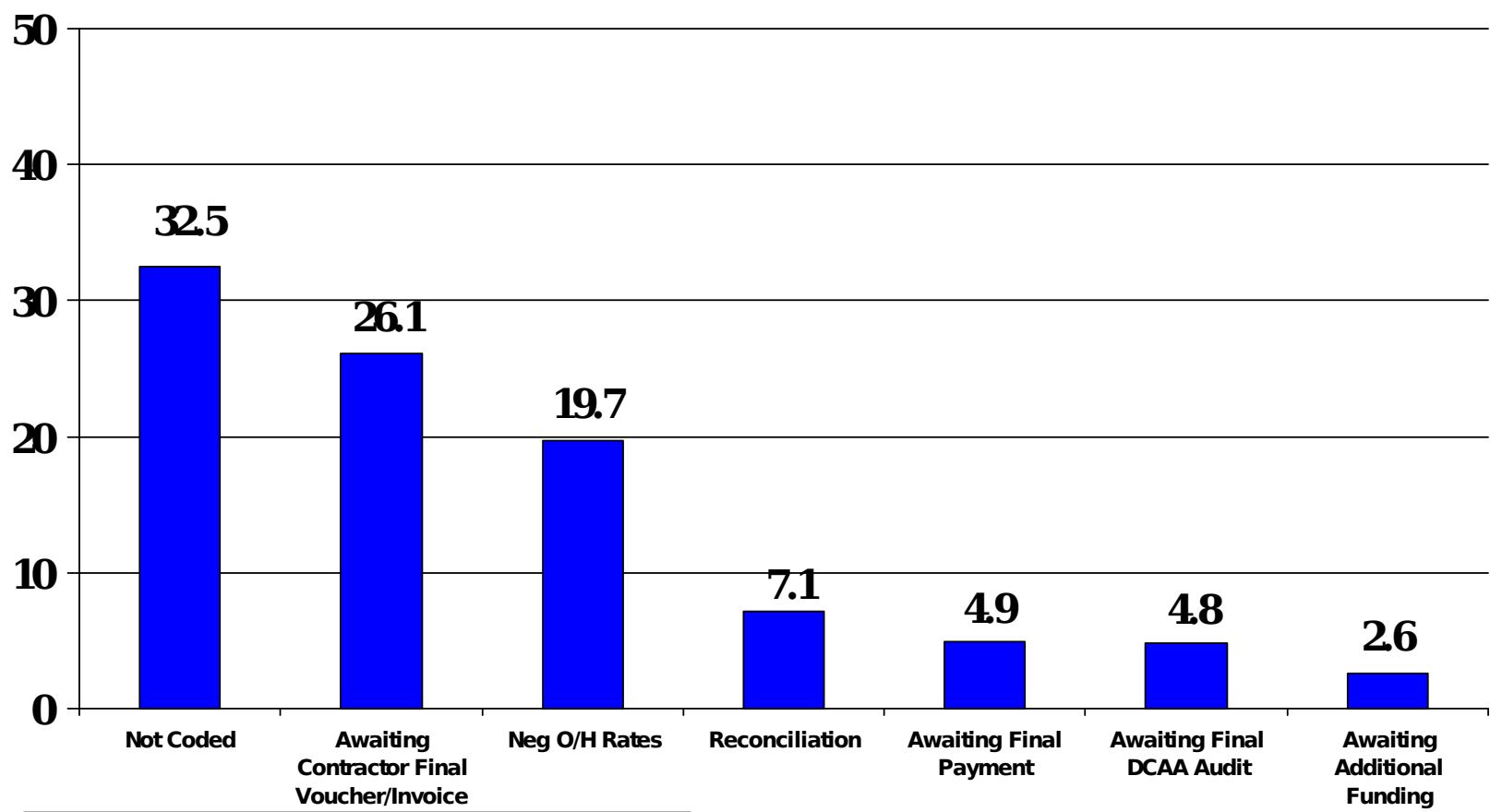
Performance Goal 2.1.3 - Contract Closeout

75% of Other Than FFP Closed on Time
Pacing CAOs



Performance Goal 2.1.3 - Contract Closeout Process Drivers for Other Than FFP Closeout

Percent



MOCAS R2 Overage Reason Codes

Performance Goal 2.1.3 - Contract Closeout

Bottom Line:

- Good news story
 - Performance goal has been met
- DFAS reconciliation process (Fast Track Reconciliation) should decrease the number of overage contracts requiring reconciliation.
- CAOs need to correctly populate MOCAS database with appropriate Overage Reason Codes.

Performance Goal 2.1.15

UCA Definization

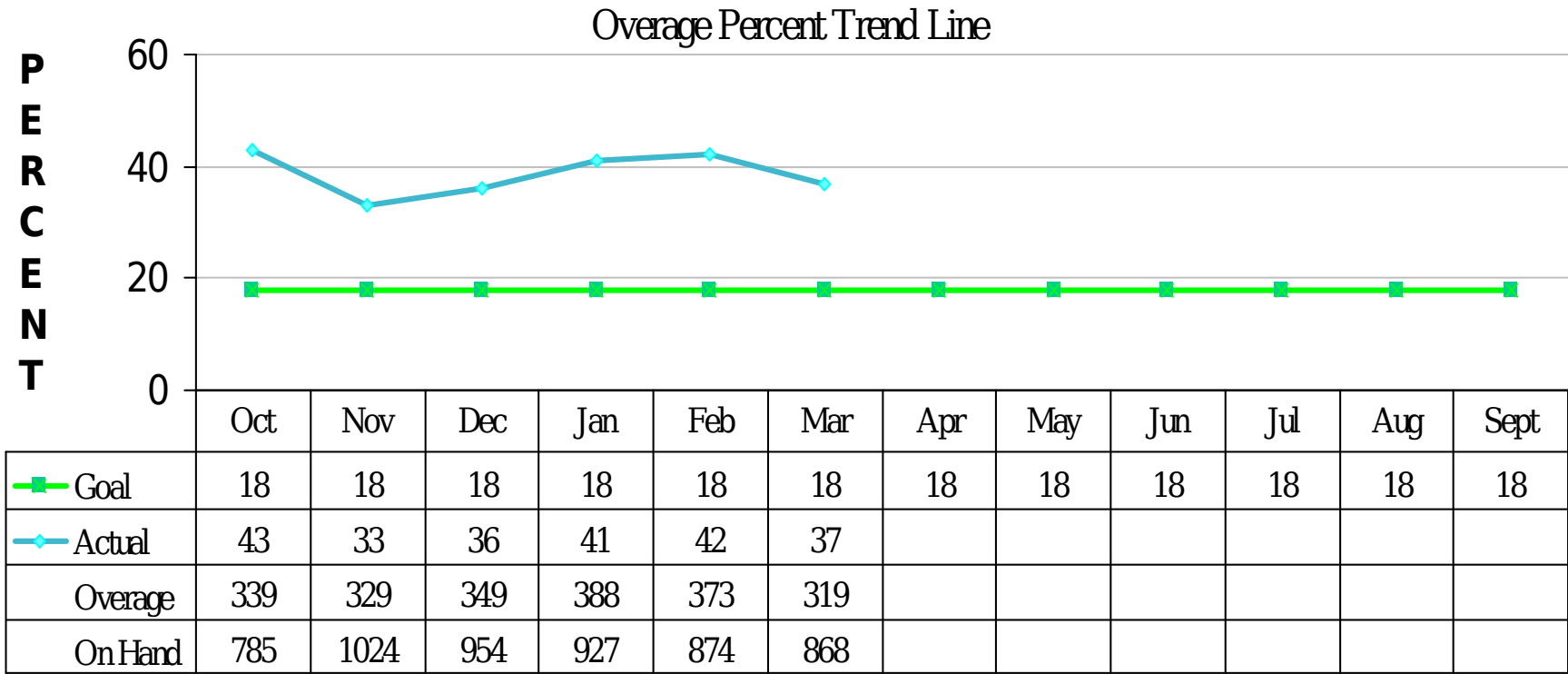
Performance Goal 2.1.15

UCA Definitization

- Performance Goal Description: Reduce the percentage of overage undefinitized contract actions to 10% or less
- FY99 Goal/Target: 18%
- FY99 YTD Results: 37%
- Rating: Red
- Reason for not achieving goal: Late proposals, late/non receipt of reparable, additional funds are major issues at various CAOs that have impacted the District's ability to meet the goal.
- District Process Champion: Larry Andrews

Performance Goal 2.1.15

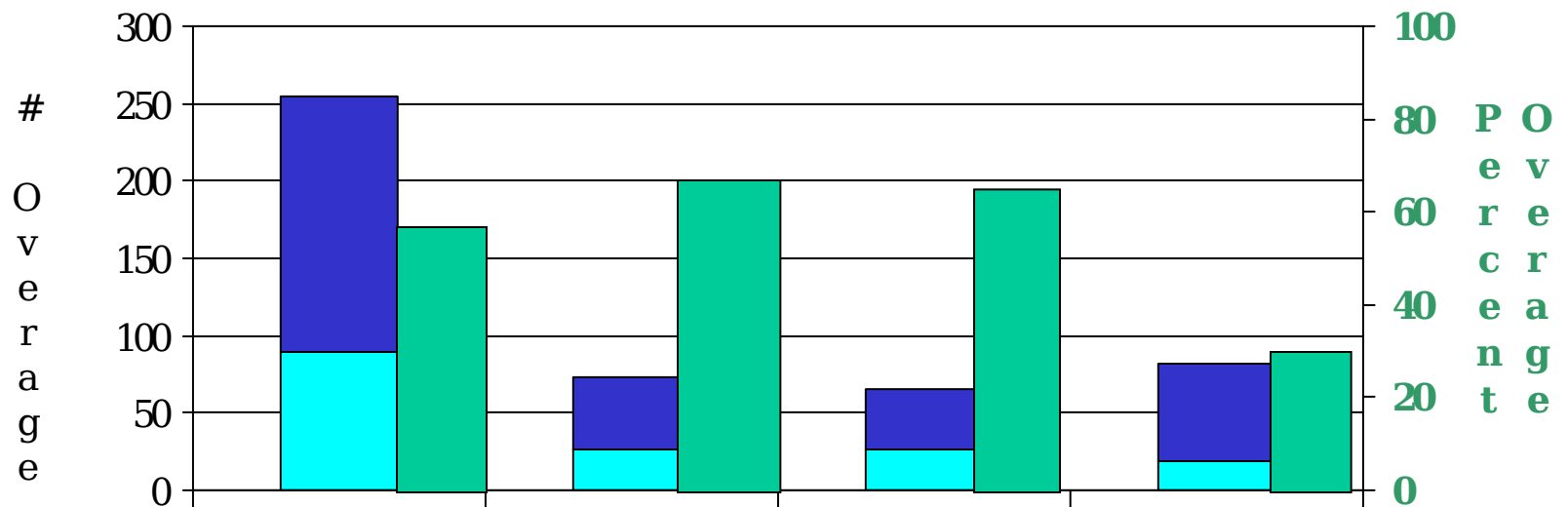
UCA Definitization



Performance Goal 2.1.15

UCA Definitization

Pacing CAOs With Overage UCAs



#UCAs On Hand	165	46	40	63
#UCAs Overage	90	27	26	19
% Overage	55	67	65	30

Performance Goal 2.1.15

UCA Definitization

Northrop Grumman (Hawthorne)

- Awaiting Funds (42)
 - All are negotiated
- Signature Cycle (15)
- Negotiations and review process
 - DCMC analysis (10)
- Vendor information/pricing (9)
- OC-ALC technical issues (6)
 - Part cancellation in process, part # rolls

Raytheon Tucson

UCA process impacted by manpower shortage (ACO-NTH)

Navy Phalanx Program

- Negotiations and review process
 - Legal/Pricing/Negotiations (23)
- Late receipt of proposal (3)
- Modification in process to definitize (1)

Performance Goal 2.1.15

UCA Definitization

BOEING, SEATTLE

- All UCAs are for the 767 AWACs initial spares provisioning
 - Contracts allow up to 130 days for submittal of proposal within a 250 days definitization cycle
 - CAO measuring delinquency based on 180 day cycle
- Negotiated (14)
 - Waiting for signed SF30 or confirmation letters
- Negotiations and review process
 - On-going negotiations/Subcontractor prices prices being challenged (5)
- Problem with Statement of Work (3)
- Additional funds (2)
- DMS (2)
- Good progress - Sep 98--122 UCAs on-hand with 81 overage
Dec 98-- 62 UCAs on-hand with 42 overage
Mar 99-- 40 UCAs on-hand with 26 overage

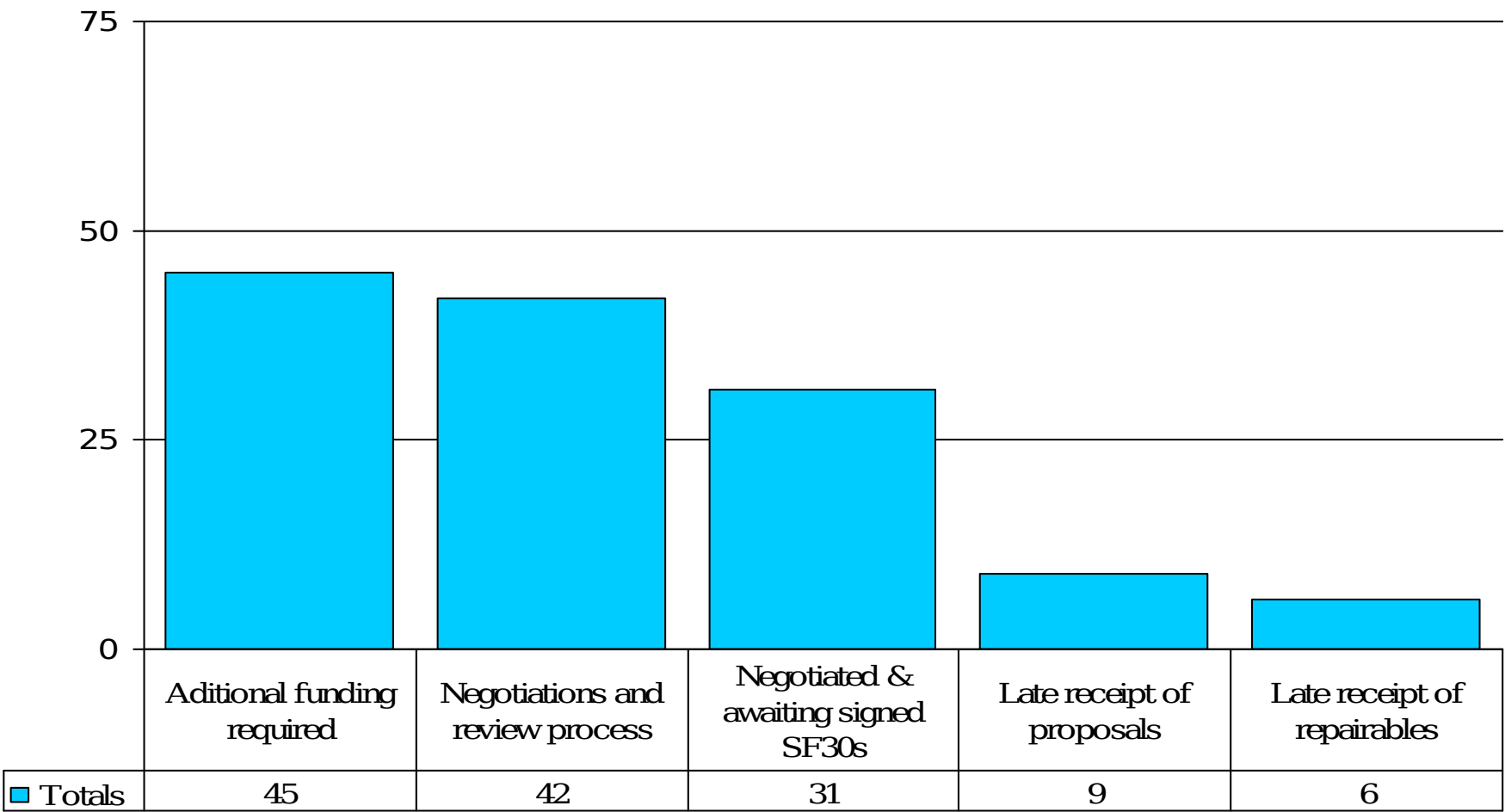
Performance Goal 2.1.15

UCA Definitization

San Diego

- Late receipt of repairable (6)
- Late receipt of proposal (6)
- Negotiations and review process
 - Negotiations/pricing (4)

Performance Goal 2.1.15
UCA Definitization
ROOT CAUSE ANALYSIS



Performance Goal 2.1.15

UCA Definitization

Bottom Line:

- There was a decrease in on-hand UCAs while overages remain relatively flat in 2nd quarter FY99
- A workable solution between the Buying Activities and DCMC needs to be developed to address the definitization issue on repair orders
- Accuracy of data in DIRAMS continues to improve
 - Process Champion providing additional technical guidance
- Anticipate improvement in the UCA process during 3rd quarter FY99
- Staff visits are being scheduled for the late 3rd and early 4th quarter FY99

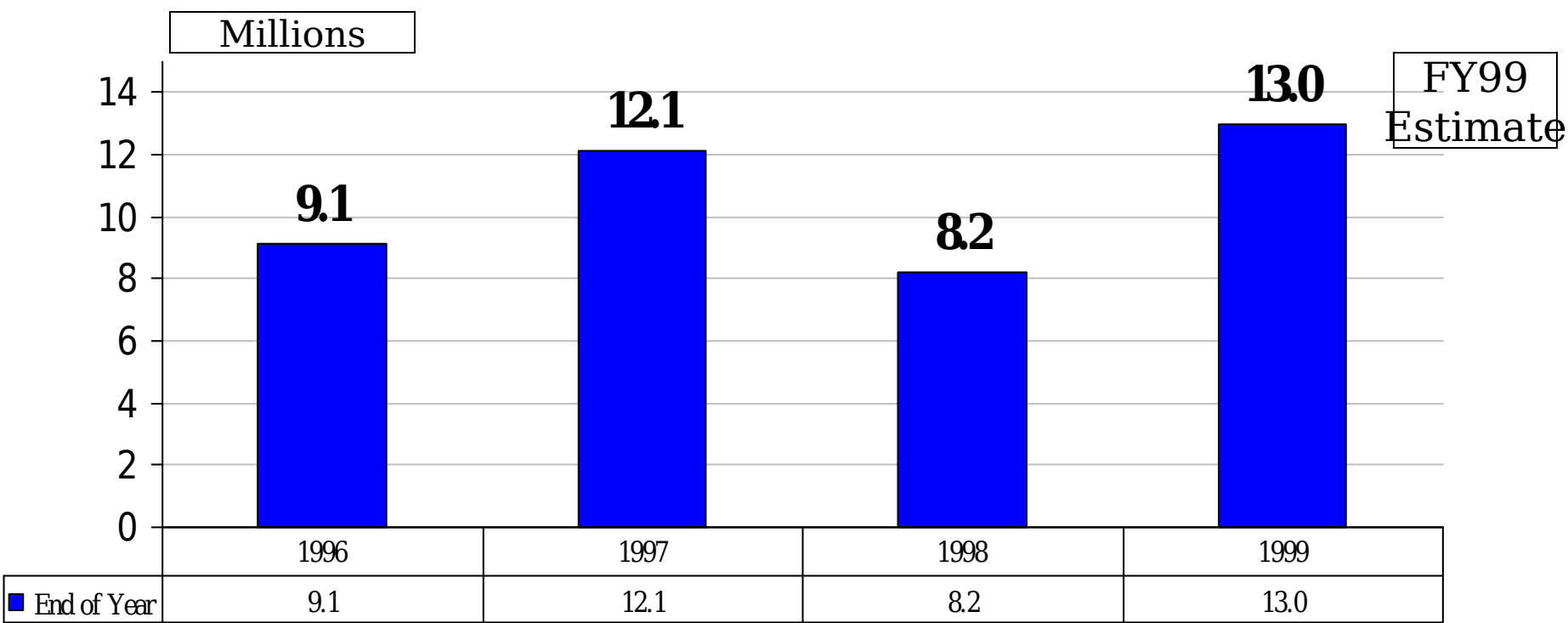
Performance Goal 2.2.3

Reduce LDD

Performance Goal 2.2.3 - Reduce LDD

- Performance Goal Description: Reduce the amount of Loss, Damage and Destruction (LDD) Government property compared to the amount of LDD in FY 98
 - 5 contractors are identified in the FY99 Performance Plan for additional focus
- FY99 District Goal/Target: NTE \$8.2 million
 - \$4.3 million for the 5 contractors
- Rating: Red
- FY99 YTD Results: \$5.4 mil
 - \$4.2 million for the 5 contractors
- District Process Champion: Len Salazar

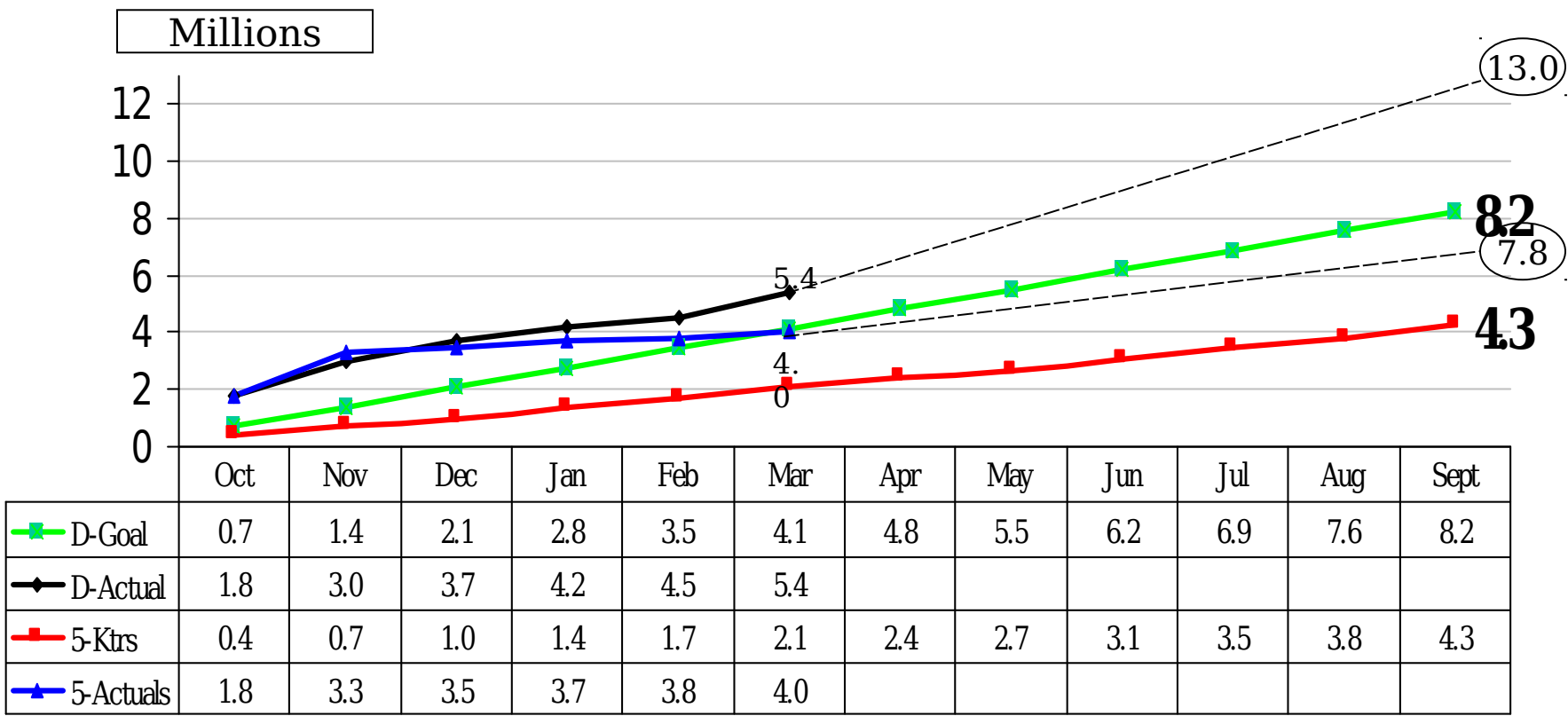
DCMDW LDD History



Losses consistent with major contractor's 2 year inventory cycle

DCMD Performance Goal 2.2.3 - Reduce LDD

Reduce the amount of LDD Government property compared to the amount of LDD in FY 98



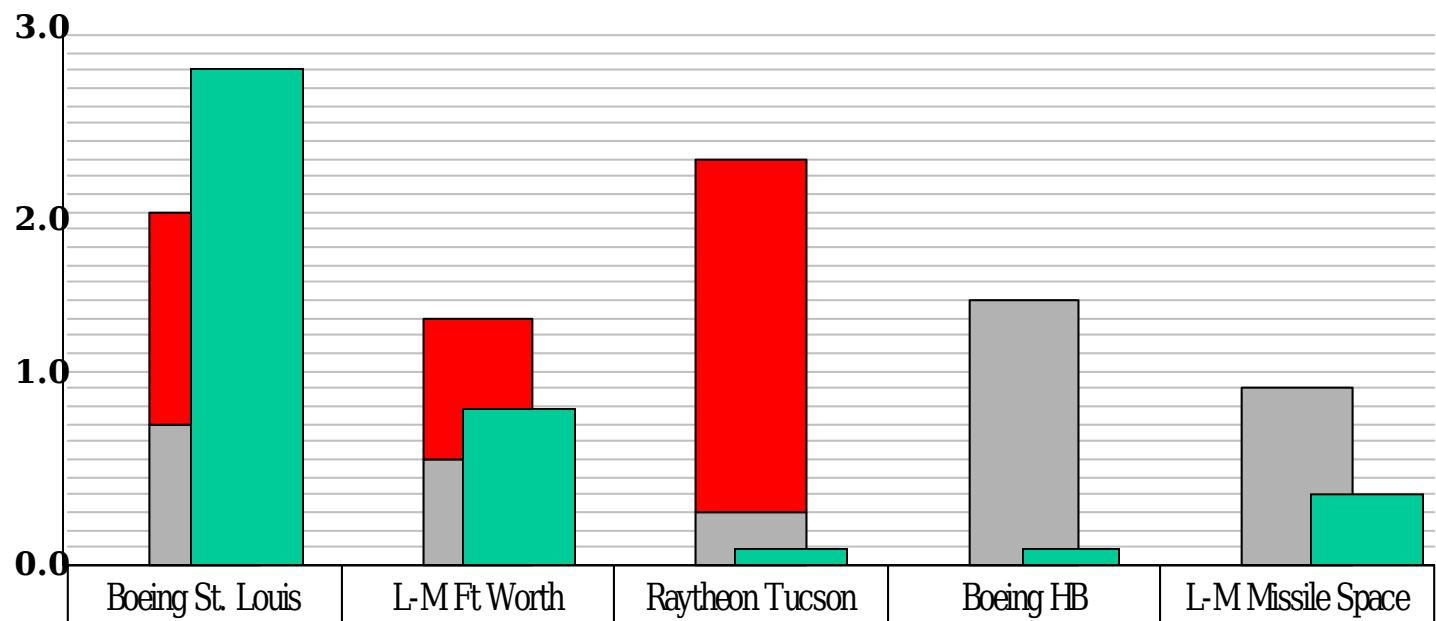
District projections are based on current trends and pending LDD investigation

DCMDW Performance Goal 2.2.3 - Reduce LDD

Reduce the amount of LDD Government property compared to the amount of LDD in FY 98

Millions

FY99 Focus Contractors by CAO



<div></div> Pending - \$4.0	1.2	0.8	2.0	0.0	0.0
<div></div> Closed Cases - \$4.2	0.8	0.6	0.3	1.5	1.0
<div></div> Goal - \$4.3	2.8	0.9	0.1	0.1	0.4

Performance Goal 2.2.3 - Reduce LDD

FY99 Focus Contractors by CAO

- Boeing St. Louis
 - Projected to meet goal
 - CAO placing special emphasis on performing root cause analysis of LDD
- L-M Fort Worth
 - CAO vigorously closing out old LDD investigations of subcontractor losses from 1997/98
 - Currently performing an in-depth review of contractor's subcontract control
- Raytheon Tucson
 - Contractor on notice of possible property system disapproval (\$8 mil losses since 1996)
 - Not responding to requests to correct system weaknesses
 - District visit to review disapproval package April 27-29, 1999
- Boeing Huntington Beach
 - Adequate corrective action plan in place
 - System weakness
 - Custodial records did not capture inventories of issued tooling

DCMD Performance Goal 2.2.3 - Reduce LDD

Reduce the amount of LDD Government property compared to the amount of LDD in FY 98

Root Cause

- 5 contractors
 - Inventory control and reconciliation weaknesses
 - Custodial record keeping
 - Tool crib control
 - Assembly line control
 - Improper identification
- District Wide
 - Highest incidents of unsatisfactory processes based on CAO property surveys
 - Identification
 - Records
 - Utilization

DCMDW Performance Goal 2.2.3 - Reduce LDD

Reduce the amount of LDD Government property compared to the amount of LDD in FY 98

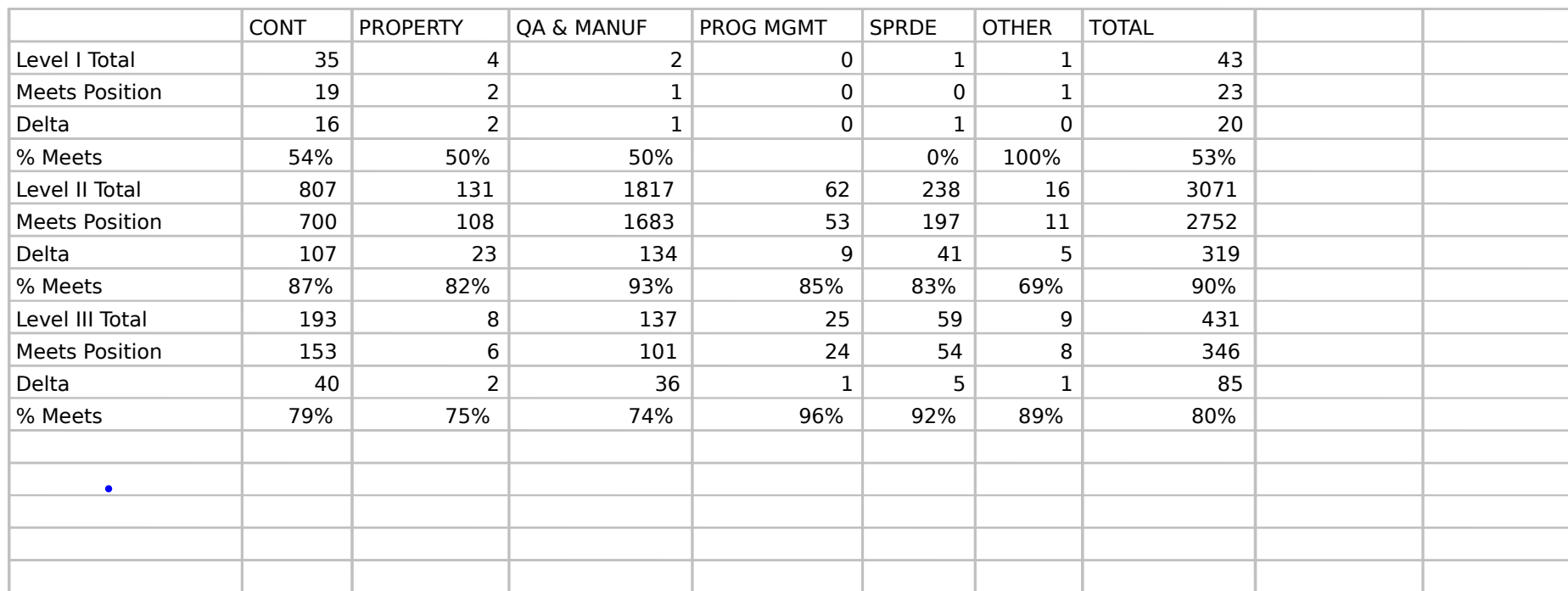
Bottom Line:

- DCMDW 1st Qtr budget proposes changing \$8.2 million to \$13 million for FY99
 - Based on current trends and projections
- DCMC's current property survey strategies have been successful
 - Contractor's weaknesses being identified
- Continued District focus on property surveys
 - Supplemental metric tracking progress
 - Providing additional guidance
- District Process Champion and SFA continue to engage in property training

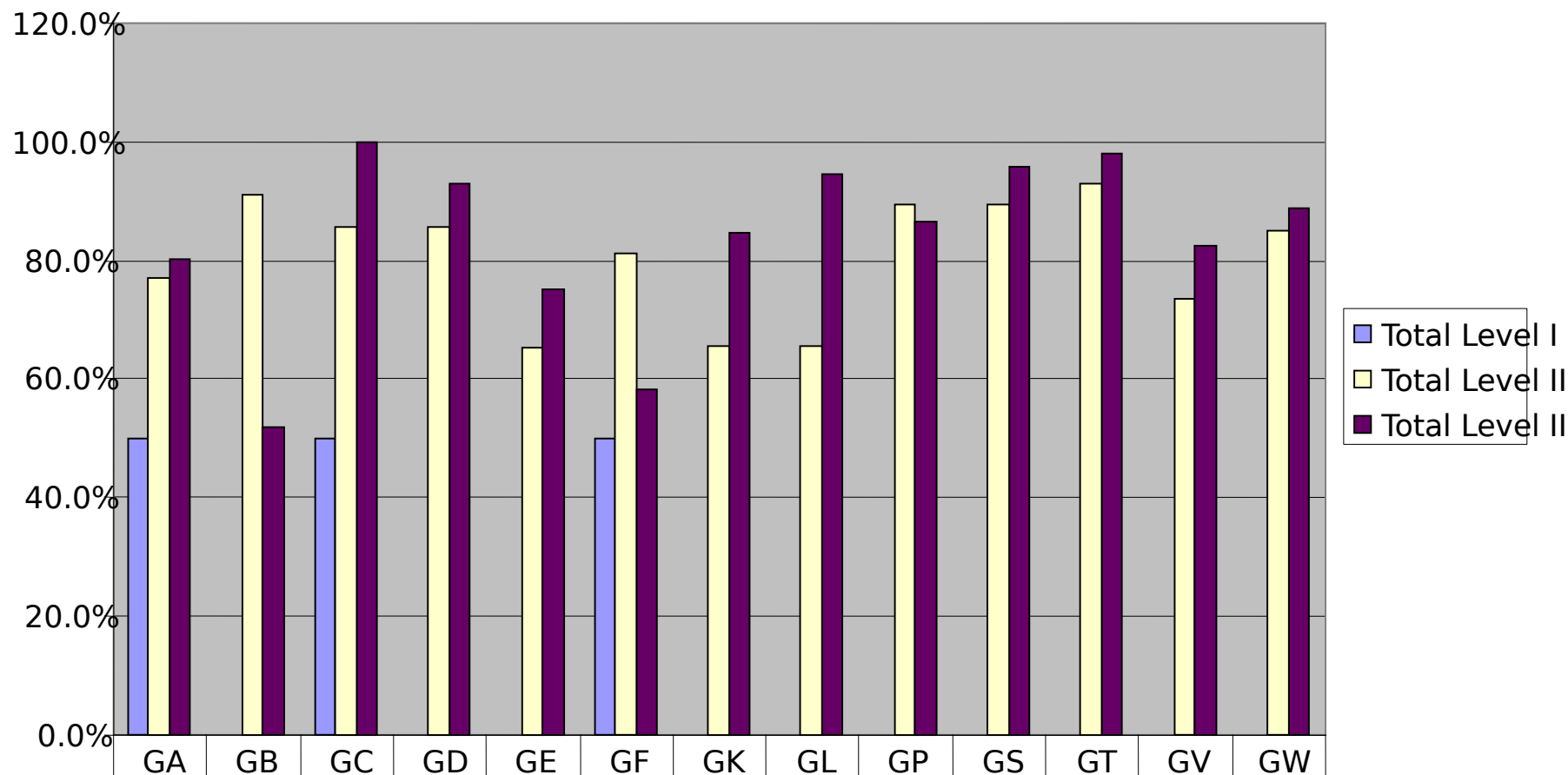
Performance Goal 3.1.4 DAWIA Certification

Performance Goal 3.1.4 - DAWIA Certification Levels

- **Performance Goal Description: Increase the percentage of Personnel DAWIA Certified to Levels I, II, and III.**
- **FY99 Goal: Level I -70% Level II - 90% Level III - 98%**
- **FY99 Results: Level I -53% Level II - 90% Level III - 80%**
- **Rating: Red (based on Level III percentage)**
- **Reason for not achieving goal:**
 - **Students do not meet course prerequisite requirements**
 - **Quotas requested in FY 98 do not reflect FY 99 requirements**
 - **Insufficient quantity of level III courses received**
 - **No quotas for EVMS mandatory courses**
- **HQ/District process owner: Linda Wallace, -MJ**



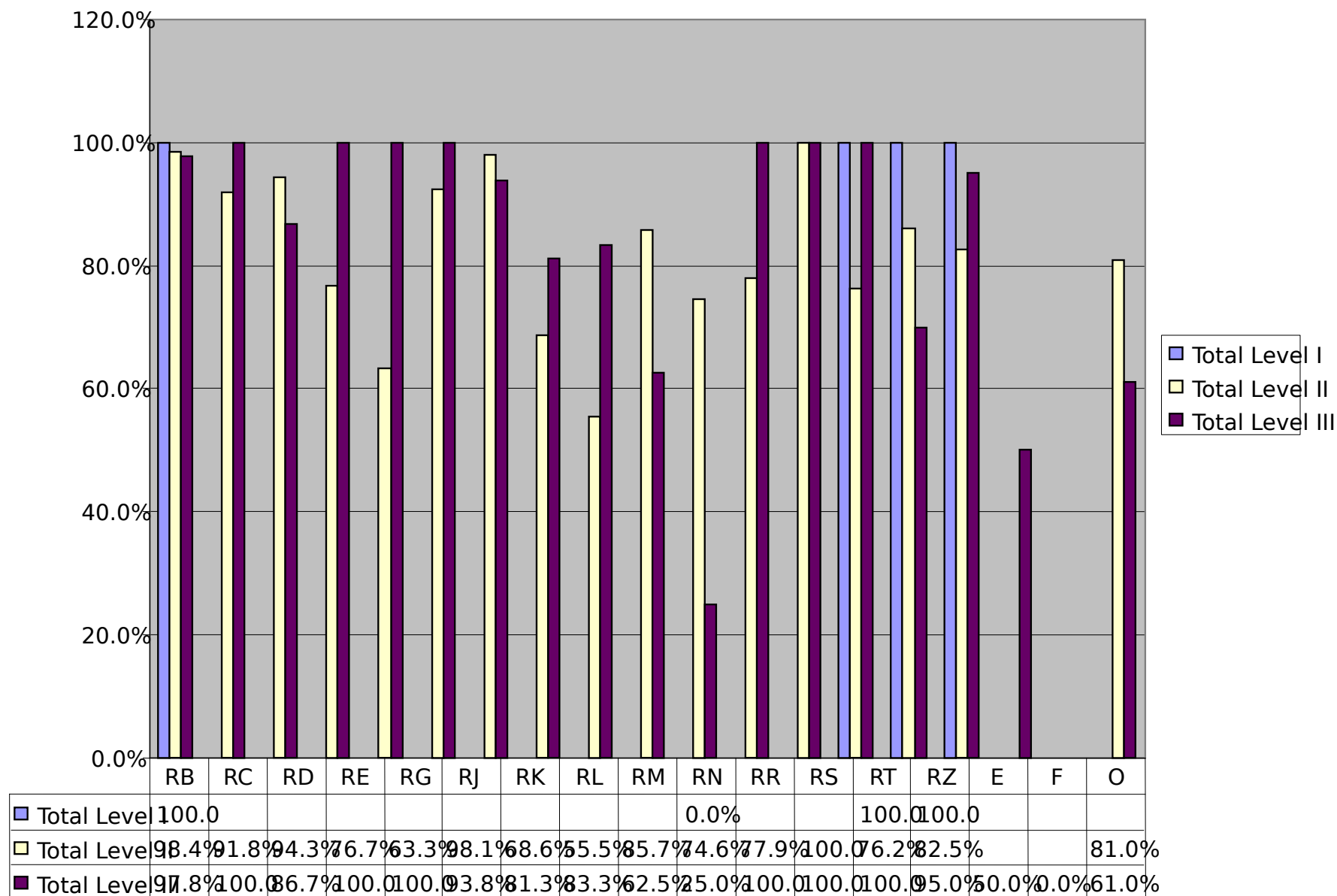
DAWIA CERTIFICATION - AREA OFFICES



<div><div></div><div>Total Level I</div></div>	50.0%	50.0%	0.0%	50.0%							0.0%		
<div><div></div><div>Total Level II</div></div>	77.0%	91.1%	85.6%	85.6%	65.2%	81.3%	65.6%	65.6%	89.5%	89.6%	92.8%	73.5%	85.0%
<div><div></div><div>Total Level III</div></div>	80.1%	51.9%	100.0%	92.9%	75.0%	58.2%	84.5%	94.4%	86.7%	95.8%	97.9%	82.6%	88.9%

ORGANIZATION

DWAIA CERTIFICATION-Plant Offices & PSEs



The End

